

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

---

In re:	)	
	)	
SUSAN FAYE DONES,	)	No. 10-45608
	)	
Debtor.	)	
	)	
NXIVM CORPORATION, a Delaware	)	
corporation,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	No. 10-04338
	)	
SUSAN FAYE DONES,	)	
	)	
Defendant.	)	
	)	
NXIVM CORPORATION, a Delaware	)	
corporation,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	No. 10-04339
	)	
KIM MARIE WOOLHOUSE,	)	
	)	
Defendant.	)	

---

TRANSCRIPT OF THE DIGITALLY-RECORDED PROCEEDINGS  
BEFORE THE HONORABLE BRIAN D. LYNCH  
SEPTEMBER 21, 2011, p.m. session

---

Reported by: Robyn Oleson Fiedler  
CSR #1931

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

For the Plaintiff:

MR. ROBERT D. CROCKETT  
Attorney at Law  
LATHAM & WATKINS LLP  
355 South Grand Avenue  
Los Angeles, CA 90071  
Phone: 213-891-8254  
bob.crockett@lw.com  
  
and  
MS. TIFFANY SCOTT CONNORS  
Attorney at Law  
LANE POWELL PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101-2338  
Phone: 206-223-7267

Pro Se:

MS. SUSAN FAYE DONES  
MS. KIM MARIE WOOLHOUSE

1	EXAMINATION INDEX	
2	EXAMINATION BY:	PAGE NO.
3	BRONFMAN - Cross-Examination by	4
4	Ms. Woolhouse	
5	BRONFMAN - Cross-Examination by	11
6	Mr. Crockett	
7	BRONFMAN - Redirect Examination by	12
8	Ms. Dones	
9	TIFFANY - Direct Examination by	27
10	Ms. Dones	
11	TIFFANY - Direct Examination by	31
12	Ms. Woolhouse	
13	DONES - Direct Examination by	33
14	Ms. Woolhouse	
15	DONES - Cross-Examination by	36
16	Mr. Crockett	
17		
18		
19		
20		
21		
22		
23		
24		
25		

1                   DIGITALLY RECORDED IN TACOMA, WASHINGTON

2                   SEPTEMBER 21, 2011, p.m. session

3                   --ooOoo--

4

5                   THE COURT: Ms. Dones and Ms. Woolhouse? I  
6                   guess you completed your -- oh, Ms. Woolhouse, I guess  
7                   you're going to ask questions now of Ms. Bronfman. I  
8                   forgot.

9

10                  CROSS-EXAMINATION

11                  BY MS. WOOLHOUSE:

12       Q       I'd like to go to Plaintiff's Exhibit 6.

13       A       Yes.

14       Q       Did you provide any factual documentation that would  
15               prove that we repackaged the Level One training and  
16               renamed it?

17               MR. CROCKETT: Argumentative, calls for a  
18               legal conclusion. Objection.

19               THE COURT: Overruled.

20       A       Other than this document, which speaks for itself? No.

21               MS. DONES: Objection, argumentative.

22               THE COURT: Overruled.

23       Q       (By Ms. Woolhouse) I'd like to go to Exhibit 9,  
24               Plaintiff's Exhibit 9. In the paragraph that's  
25               underlined, did you provide any factual documentation

1           that would prove that we went over any of the modules  
2           in Ethos?

3    A    I think the document speaks for itself.  Other than  
4           this document, no.

5                    MS. DONES:  Your Honor, could I just confer  
6           with Ms. Woolhouse for just a second?

7                    THE COURT:  That's up to to Ms. Woolhouse,  
8           actually.  She's doing the questioning.

9                    MS. WOOLHOUSE:  If that's okay.

10                   THE COURT:  Yes.

11                   MS. WOOLHOUSE:  Thank you.

12   Q    (By Ms. Woolhouse)  Exhibit 11.  In the very first  
13           sentence, where it says, "It might be time for us to  
14           have a strategy meeting", "yes" or "no", did you  
15           provide any factual documentation that would prove that  
16           we did have a strategy meeting?

17   A    Yes, this document.

18   Q    Did you have any factual documentation that would prove  
19           that a meeting took place, that a strategy meeting took  
20           place?

21   A    Can you give me one second?

22                    No.  I know that there was a lot of meetings  
23           that were held --

24   Q    Just "yes" or "no" is fine.

25                    MS. WOOLHOUSE:  Can I strike the last part of

1           that?

2                       THE COURT: I'm not going to grant your

3           motion to strike.

4   Q       (By Ms. Woolhouse) Exhibit 20. If this was a true

5           representation of an email, is there any factual

6           documentation that refers to Kristen Keeffe as the

7           person that is getting her ass kicked?

8   A       No. Well, actually, there are other emails that

9           suggest that it could be --

10                    MS. DONES: Move to strike. That wasn't the

11           question.

12   Q       (By Ms. Woolhouse) I'm just speaking about this

13           exhibit.

14                    THE COURT: Ms. Dones, you don't get to --

15                    MS. DONES: Oh, I'm sorry, Your Honor. I'm

16           sorry.

17                    THE COURT: You can object to the question,

18           but you don't get to -- it's up to Ms. Woolhouse to

19           raise that issue.

20                    MS. WOOLHOUSE: So I'm just referring to this

21           exhibit. So could I strike the last part of what she

22           said?

23                    THE COURT: No, I'm going to deny your motion

24           to strike.

25   Q       (By Ms. Woolhouse) So with reference to the other --

1                   THE COURT: The question in my mind is how do  
2 we know this reference is Kristen Keeffe.  
3                   MS. WOOLHOUSE: Right.  
4                   THE COURT: How do we know that.  
5                   MS. WOOLHOUSE: Yes.  
6                   THE WITNESS: Because there are other emails  
7 that infer it.  
8   Q    (By Ms. Woolhouse) And can I ask what other emails are  
9 you referring to that was provided as proof that this  
10 particular exhibit is speaking about Kristen Keeffe?  
11   A    I think Exhibit 22 where it refers to --  
12                   MS. DONES: Has it been submitted into  
13 evidence?  
14                   MS. WOOLHOUSE: I don't believe so. I think  
15 the judge was to rule -- Your Honor was to rule on this  
16 one.  
17                   MS. DONES: It wasn't even asked to be  
18 submitted.  
19                   THE COURT: Ms. Dones.  
20                   MS. DONES: Sorry, Your Honor.  
21                   MS. WOOLHOUSE: I don't understand the  
22 connection either, Your Honor. The dates are totally  
23 different.  
24                   THE COURT: Well, that's a good argument.  
25 That's her response. You need to follow up with it if

1           you think somehow you can make a point about whether 22  
2           relates to 20.

3                       MS. WOOLHOUSE:   Okay.

4   Q       (By Ms. Woolhouse)   So do you have any factual proof  
5           that Exhibit 22 actually is -- does support Exhibit 20?

6   A       Like I said, I think that the emails speak for  
7           themselves.

8   Q       It's a "yes" or "no", please.   Do you have any factual  
9           proof -- have you provided any factual proof that  
10          Exhibit 20 supports Exhibit -- Exhibit 22 supports  
11          Exhibit 20?

12  A       Yes, I believe the emails are.

13  Q       And what is the proof?

14  A       I believe the emails refer -- I mean, I think that  
15          there's a reference to a child that the mother -- I  
16          mean --

17  Q       Is there any reference to Kristen Keeffe in Exhibit 22?

18  A       No, there isn't.

19  Q       Then I'm not sure I understand how that supports  
20          Exhibit 20.

21                       THE COURT:   Is there a question?

22  Q       (By Ms. Woolhouse)   If there's no reference to Kristen  
23          Keeffe in Exhibit 22, then where is the factual  
24          documentation that you provided?

25  A       I think it's a logical conclusion.   But --



1 Q Can you explain that? How did you come to the logical  
2 conclusion?

3 A Because in the email -- there's a lot of discussions  
4 about Ms. Keefe. There's a lot of talk about her on  
5 the blog and this and that and the other. So the other  
6 email refers to her child. And I think that they all  
7 came together and contained. So they seemed to have  
8 some link.

9 MS. DONES: Your Honor, I don't know if I'm  
10 able to represent myself as my own counsel in this, but  
11 I --

12 THE COURT: Ms. Dones, you get a chance to do  
13 rebuttal of Ms. Bronfman, and you can ask whatever  
14 questions you want to ask.

15 MS. DONES: Okay.

16 THE COURT: But generally speaking -- and you  
17 can object to Ms. Woolhouse's question, if you think  
18 it's an improper question.

19 MS. DONES: I'm just not sure -- I know  
20 Mr. Crockett can object as counsel, and I'm my own  
21 counsel. So I didn't know -- I'm sorry, I just didn't  
22 know the procedure in regards to that. It seems like I  
23 can't object -- it feels to me --

24 THE COURT: The objections are not well  
25 taken. And I think you're making too many objections.

1 But you can make the objections you think you need to  
2 make.

3 MS. DONES: Then I'd like to object on the  
4 fact that it's hearsay. She's linking things, and it's  
5 just hearsay. That's my only objection.

6 THE COURT: Overruled.

7 Proceed, Ms. Woolhouse.

8 Q (By Ms. Woolhouse) I'd like to go to Exhibit 27. Have  
9 you provided any factual documentation that would prove  
10 that Ms. Dones called CPS?

11 A Other than this email? No.

12 Q Have you provided any factual documentation that would  
13 prove that we lied on our bankruptcy?

14 A I believe there has been numerous -- from the various  
15 witnesses, including myself, there has been  
16 representations of that, yes.

17 Q So it's just hearsay?

18 A No, I think it's -- I mean, I'm the witness. I can  
19 testify. I think you guys have -- several people have  
20 testified. So it --

21 Q And what is your factual documentation that you have  
22 provided?

23 A Well, sorry, not documentation, although I think that  
24 we have provided documentation, given these emails,  
25 when Ms. Dones said that she had handed everything

1           other. I think that your documents themselves speak to  
2           inaccuracies and lies on the face.

3                       MS. WOOLHOUSE: Thank you. No further  
4           questions.

5                       MR. CROCKETT: Just a couple questions, Your  
6           Honor.

7

8                               CROSS-EXAMINATION

9           BY MR. CROCKETT:

10   Q     You've heard indications that there are about 21  
11           modules or partial modules in that World Patent Trade  
12           Office filing?

13   A     Correct.

14   Q     I mean, how many modules do you think Ms. Woolhouse  
15           would have been possessed of as a center owner?

16   A     Far more than that. I think that was probably a  
17           fraction of what she would have.

18   Q     I mean, are we talking 5 percent? 1 percent? 10  
19           percent? 50 percent?

20                       MS. DONES: Objection, calls for speculation.

21                       THE COURT: Overruled.

22   A     I would say it was about 25 percent of what she had, if  
23           that.

24                       MR. CROCKETT: All right. No further  
25           questions.

1

2 REDIRECT EXAMINATION

3 BY MS. DONES:

4 Q Ms. Bronfman, how many modules are there in the Level

5 One curriculum?

6 A Give me one second, please.

7 Between 75 and 80.

8 Q Is that a guess?

9 A No.

10 Q Or is that factual? And what are you basing that on?

11 A Five modules per day for 16 days.

12 Q Pardon?

13 A Five modules per day for 16 days. And then I took a

14 few out for the areas where there aren't some modules.

15 Q Are some of those modules actually origin modules?

16 A You asked me for the intensive modules.

17 Q No, I asked you in the Level One --

18 A Oh, I'm sorry. Okay.

19 Q In the Level One training, how many modules are there?

20 A In the Level One training, that's what I answered to.

21 Q Okay. So you believe there's approximately 80 modules?

22 A Correct.

23 Q In regards to that. And do you know, in the

24 documentation that we turned over, how many coach and

25 student notes are in that documentation that we turned

1 over?

2 A No, I didn't calculate that.

3 Q So you don't even know if we have a full array of

4 notes?

5 A No, but any center had. And I do know what center

6 heads are privvy to and what they teach. They would

7 have all of the facilitator and student notes of all of

8 the curriculum that they taught at that center.

9 Q Right. But has NXIVM -- is it not true that NXIVM's

10 added modules as time's gone on?

11 A That's correct.

12 Q And so you had no idea, in regards to the document that

13 was turned over, if it was modules that were available

14 in 2003?

15 A Well, based on your question, it's possible that there

16 are more that I'm not calculating.

17 Q Well, my question is is have they added modules since

18 2003 to the curriculum?

19 A Not to the Level One curriculum, no.

20 Q So when did the Fall module come out?

21 A I don't know that.

22 Q So you don't know if it was before or after 2003?

23 A I don't.

24 Q What about Civilization? Do you know when that module

25 came out?

1 A I don't.

2 Q So you don't really know what modules were available  
3 prior to 2003?

4 A From my understanding, there were five modules a day  
5 for 16 days. And I actually went on the lower side of  
6 that on in my calculation.

7 Q You've already testified that you're not aware of the  
8 fact that NXIVM used to teach technology, coaching  
9 curriculum, actually, in their 16-day?

10 A So then I may have given you the very minimum of what  
11 you would have.

12 Q Right. So you don't really have any idea of what  
13 documents we turned over and what documents we might  
14 have in our possession?

15 A I think I have a very good idea, which I just testified  
16 to, what you --

17 Q Is that speculation?

18 A No. I think --

19 MS. DONES: I'd move to strike. I don't  
20 believe there's any factual --

21 THE COURT: I'm going to deny your motion.

22 Q (By Ms. Dones) Okay. I'd like to refer to Exhibit 6.

23 A Plaintiff's or --

24 Q Plaintiff's.

25 MR. CROCKETT: Objection, beyond the scope.

1 MS. DONES: I'm rebutting --

2 THE COURT: Actually, Ms. Woolhouse

3 examined --

4 MS. DONES: She did.

5 THE COURT: -- Ms. Bronfman about Exhibit 6,

6 Plaintiff's Exhibit 6. So how would that be beyond the

7 scope?

8 MR. CROCKETT: It's beyond my scope, Your

9 Honor.

10 THE COURT: It is beyond your scope.

11 Q (By Ms. Dones) Other than this email, which states,

12 "Do you think there's any way they would let us

13 repackage Level One, rename it, no connection to Keith

14 or Nancy, do you have any factual documentation that

15 proves that Ms. Woolhouse and I have actually

16 repackaged NXIVM's materials?

17 A Other than this email? No.

18 Q Well, this email doesn't say we did.

19 MR. CROCKETT: Objection, argumentative. And

20 the question is duplicative of what Ms. Woolhouse

21 asked.

22 MS. DONES: Well, I'm asking, do you have any

23 other documentation --

24 THE COURT: How is your question different

25 than what Ms. Woolhouse asked Ms. Bronfman?

1 MS. DONES: Pardon?

2 THE COURT: How is your question different

3 than what Ms. Woolhouse asked --

4 MS. DONES: Well, I'm asking if they have any

5 other documentation other than this email.

6 THE COURT: Well, she used the word "proof".

7 You're going to use the word "documentation".

8 All right. Go ahead with the question. But

9 just a question, not an argument, Ms. Dones.

10 Q (By Ms. Dones) Right. Has NXIVM provided any

11 documentation that we actually repackaged?

12 A No.

13 Q I'd move to Exhibit 9. And do you see in the brackets,

14 five lines down, and it says, We can go over all the

15 modules and Ethos?

16 A I see that.

17 Q Okay. Do you have any -- have you provided the Court

18 with any factual documentation that we actually did go

19 over Ethos modules?

20 A Other than this email? No.

21 Q And in this case, have you provided any document --

22 sorry, we're at Exhibit 11. Do you see where it says,

23 "It might be time for us to have a strategy meeting."

24 Sorry -- yeah. In regards to that, have you provided

25 the Court with any documentation that a strategy



1 meeting took place?

2 MR. CROCKETT: Objection. This is not  
3 rebuttal testimony. This is just --

4 THE COURT: It's repetitive. She said  
5 "proof". "Proof" includes the word "documentation".  
6 She said there was no proof that a strategy meeting  
7 took place. So I think you're being repetitive.

8 MS. DONES: I think there's a lot of  
9 inference that, like this document proves that --

10 THE COURT: It is, but that's not -- your  
11 question isn't going to change their argument. This  
12 has to do with questions. You're being repetitive in  
13 your questioning. It's the same question that  
14 Ms. Woolhouse asked, and we already -- it's been asked  
15 and answered.

16 MS. DONES: Okay. I just want to make  
17 sure --

18 THE COURT: Did you want to correct --

19 THE WITNESS: Well, no, I think my answer is  
20 slightly different than how -- if you don't mind me --

21 THE COURT: Why don't you give me how your  
22 answer is different than what I just --

23 THE WITNESS: Okay. I apologize.

24 THE COURT: Go ahead.

25 A (Continuing) I believe that we have provided proof

1           that there were meetings.

2   Q       (By Ms. Dones) And take strategy meetings took place

3           to harm NXIVM. Do you have any documentation to prove

4           that?

5   A       I think that we have actually demonstrated that.

6   Q       That actually proves we harmed NXIVM, without inferring

7           into it?

8                       MR. CROCKETT: Well, now that's just

9           argument, Your Honor.

10                      THE COURT: Sustained.

11   Q       (By Ms. Dones) So isn't it true that NXIVM's strategy

12           has just been about inferring meanings into emails?

13                      MR. CROCKETT: Objection, beyond the scope.

14                      THE COURT: Sustained.

15   Q       (By Ms. Dones) Ms. Bronfman, are you a bankruptcy

16           attorney?

17   A       No.

18   Q       Do you have any knowledge of bankruptcy?

19   A       I've got a limited layman's knowledge of bankruptcy.

20   Q       And have you ever -- do you have any knowledge of

21           filling out Schedule B's in bankruptcies?

22   A       I have never filed a bankruptcy, so, no, I have never

23           filed my own schedules.

24   Q       So isn't it true that in relationship to our Schedule

25           B's, that you have no really factual knowledge that

1           there was fraud?

2    A    I don't think that my interpretation of what is written

3           in the document means I don't have any ability to

4           determine, given my other knowledge, whether it's

5           accurate or not.

6    Q    But you're not an expert in bankruptcy?

7    A    No, I'm not an expert. But I have a logical mind.

8    Q    But you're not an expert. So your testimony is not

9           that of an expert?

10               MR. CROCKETT: Objection, this is getting

11           redundant.

12               THE COURT: Sustained.

13               MS. DONES: Okay. Your Honor, I'm done.

14               THE COURT: All right.

15               MS. WOOLHOUSE: I just have one question.

16               THE COURT: Actually, you don't get to ask a

17           question of Ms. Bronfman, Ms. Woolhouse. You had your

18           chance.

19               MS. WOOLHOUSE: Okay.

20               THE COURT: You may step down, Ms. Bronfman.

21               MS. BRONFMAN: Thank you.

22               MR. CROCKETT: While she's on the stand, I do

23           want to move in Exhibits Plaintiff's 32 and 20. She

24           was examined about those documents.

25               THE COURT: Let's start with 20. Do you have

1           any objection to Exhibit 20 being admitted?

2                       MS. DONES:  Yeah, it's the same objection,  
3           Your Honor.  Again, we don't know that these emails  
4           actually were not stolen.  We have no proof of that.  
5           We don't have any proof that the business had a right  
6           to turn these emails over.  And so I think the reason  
7           we ask about it is is that we were asked about these  
8           emails.  And so I don't believe that NXIVM has a right  
9           to enter emails that can't be authenticated.

10                      I haven't authenticated them.

11                      THE COURT:  I've concluded that it's  
12           authentic, based on evidence Rule 904(b) -- excuse me,  
13           9014.

14                      But the question in my mind, Mr. Crockett, --  
15           which was a question that came up, was how do I tie  
16           this into what this is about?

17                      MR. CROCKETT:  Well, I mean, they're all --

18                      THE COURT:  Which is about relevance.  In  
19           other words, what's the relevance of this particular  
20           email?

21                      MR. CROCKETT:  Well I tied it to the  
22           references to the child and the mother.  And that's the  
23           best I could do.  That's the best relevance I could do,  
24           that is, at the same time they're talking about filing  
25           complaints about this mother, they're making this

1 reference about this woman.

2 THE COURT: Well, but there's nothing  
3 referenced to about a child or a woman in this email.

4 MR. CROCKETT: All right. Then fine, Your  
5 Honor, I'd withdraw. But I do request the admission of  
6 No. 32.

7 THE COURT: All right. Ms. Dones or  
8 Ms. Woolhouse?

9 MS. DONES: Your Honor, the one that thing  
10 that I do have in regards to this -- I mean, I believe  
11 that I've testified to the truth of this email, if it  
12 is indeed an accurate email. I don't agree that the  
13 second page -- there's no reference to any attachment,  
14 any of that kind of stuff. And we don't know where  
15 this attachment came from.

16 THE COURT: Well, there's a reference to an  
17 attachment in the email.

18 MR. CROCKETT: I can represent this is the  
19 exact document that was sent to me by Mr. Goldenberg.

20 MS. DONES: Your Honor, you know, in the  
21 grand scheme of things, I don't really care. Because  
22 I've already testified that I received this email, I  
23 didn't do anything about the email, and I actually told  
24 Mr. O'Hara this was stupid.

25 THE COURT: I'm going to admit 32.

1                   MR. CROCKETT: And then while we're at it,  
2                   33, Your Honor.

3                   MS. DONES: And again, I don't see how this  
4                   is relevant.

5                   MR. CROCKETT: It's relevant because she did  
6                   not produce anything pertaining to the Judit Ackerman  
7                   account. These emails existed shortly -- or were  
8                   created shortly before her deposition, and she produced  
9                   nothing.

10                  MS. DONES: Your Honor, NXIVM wasn't even in  
11                  my bankruptcy at this particular time. They asked  
12                  me --

13                  THE COURT: I'm going to admit 33.

14                  MR. CROCKETT: And Exhibit 19.

15                  MS. DONES: I'd just hold the same objection  
16                  in regards to --

17                  THE COURT: What's that objection, Ms. Dones?

18                  MS. DONES: Well, we don't even know if these  
19                  have been doctored, any of that kind of stuff. There's  
20                  just -- there's nothing in here that relates to NXIVM.

21                  MS. WOOLHOUSE: And we don't have any proof  
22                  that Mr. Goldenberg was authorized legally to give  
23                  those to the counsel.

24                  THE COURT: The arguments, in order, are  
25                  authenticity, which I've determined based on the

1 various attributes and the email address names, that it  
2 is an authentic email; relevance, which is Ms. Dones'  
3 argument that there's no reference to NXIVM in this  
4 case, I overrule that objection; and the last objection  
5 by Ms. Woolhouse is her argument that Mr. Goldenberg,  
6 who apparently acquired these emails or took over a  
7 computer that Mr. O'Hara had that had the emails,  
8 wasn't entitled to turn them over to NXIVM, and I'll  
9 overrule that objection as well. I haven't heard any  
10 basis for Mr. Goldenberg being prescribed from turning  
11 over an email on a computer server -- or a computer  
12 which he owned.

13 MR. CROCKETT: And same, Exhibit 20, Your  
14 Honor?

15 THE COURT: I'm going to to admit 30 -- or  
16 let's see, that's 19?

17 MR. CROCKETT: Yeah. And Exhibit 21?

18 MS. DONES: Your Honor, in regards to this,  
19 there's no mention of Joe O'Hara on here. So there's  
20 no way of -- this is one of the mysterious emails.  
21 This email actually was August 13th, 2010. There's no  
22 reference to this on Joe O'Hara. And so this couldn't  
23 have come from Joe O'Hara's server. There's no  
24 reference to that. This was an email that was deleted  
25 out of my account before NXIVM came into my bankruptcy.

1           So there's no way to authenticate this email at all.

2                   MR. CROCKETT:  She just authenticated it.

3           She says it was deleted out of my account.

4                   MS. DONES:  But how did you get it?

5                   MR. CROCKETT:  From Mr. Goldenberg.

6                   MS. DONES:  There's no reference to the Joe

7           O'Hara group on here.  Which leads me back to the fact

8           that I don't know if my account was hacked.

9                   THE COURT:  Other than your representation,

10          Mr. Crockett, how do I know that this email came from

11          Mr. Goldenberg?

12                   MR. CROCKETT:  I mean, that's my

13          representation.  It came from Mr. Goldenberg.

14                   MS. DONES:  You know, Your Honor, he didn't

15          even -- Mr. Goldenberg didn't even turn over the emails

16          to Mr. Crockett.  He turned them over to be somebody

17          else.  There's a chain of custody issue in regards to

18          this.  And I can't confirm or deny, because I don't

19          have a way to go back and refer to this email, in my

20          account, that the contents of this is accurate.  I

21          can't confirm or deny.

22                   THE COURT:  I'm going to admit it.  I think

23          it's authentic.  It's got your email address.  It has

24          the email address of Mr. Carter at Conde Nast.  It has

25          Ms. Foley's email address.



1 MS. DONES: But where did they get it?

2 THE COURT: It talks about NXIVM in the  
3 articles. It bears the attributes of an authentic  
4 email, and I'm going to admit it.

5 MS. DONES: But, Your Honor, where did they  
6 get it? That's the question.

7 MR. CROCKETT: I'm not lying, Your Honor. I  
8 know exactly where it came from.

9 And Exhibit 22, Your Honor?

10 MS. DONES: My objections stay the same in  
11 regards to this. I can't confirm or deny that this was  
12 my email. They didn't provide any pictures, any of  
13 that kind of stuff.

14 And the other issue is is how does this  
15 relate to -- well, I guess down below.

16 THE COURT: I'm going to admit Exhibit 22.

17 MR. CROCKETT: And then Exhibit 23?

18 MS. DONES: And once again, I just want to  
19 object. There is no attachment in regards to this.

20 THE COURT: Mr. Crockett, how do I know what  
21 this relates to?

22 MR. CROCKETT: It follows the Priority Mail  
23 by two days. They're talking about this Gaelen infant,  
24 and they're preparing a report to go to the Attorney  
25 General's Office. It comes within two days. That's

1           all I have, nothing more than that.

2                       MS. DONES: Your Honor, once again, how does  
3           Gaelen relate to NXIVM's claims against us? Gaelen is  
4           not a member of NXIVM. He's an infant -- well, I don't  
5           think he's an infant. He's a child.

6                       MR. CROCKETT: But here we have a trusted  
7           fiduciary who has trade secrets, who is possessed of  
8           trade secrets, who's editing letters to the Attorney  
9           General's Office.

10                      MS. DONES: In reference to what, though?  
11           You're inferring that it's Gaelen.

12                      THE COURT: Other than the proximity of the  
13           dates, is there anything in 22 that somehow relates to  
14           23?

15                      MR. CROCKETT: No, Your Honor.

16                      MS. DONES: It would seem that if these were  
17           turned over, then --

18                      THE COURT: Ms. Dones, I don't need -- you  
19           get one argument. If I want more argument, I'll ask  
20           you.

21                      MS. DONES: Okay.

22                      THE COURT: I'm going to deny 23.

23                      MR. CROCKETT: That's it for me. Thank you,  
24           Your Honor.

25                      MS. BRONFMAN: Can I get down now?

1 THE COURT: You may step down, Ms. Bronfman.

2 Thank you.

3 Your next witness, Ms. Dones or

4 Ms. Woolhouse?

5 MS. DONES: I just need -- it's our

6 bankruptcy attorney.

7 THE COURT: Go get him and tell him to come

8 in.

9 (Mr. Daniel Tiffany was duly sworn.)

10 THE COURT: Let's ask him to state his name

11 for the record.

12 THE WITNESS: Daniel Tiffany.

13

14 DIRECT EXAMINATION

15 BY MS. DONES:

16 Q And Mr. Tiffany, how do you know Ms. Woolhouse and

17 myself?

18 A You are bankruptcy clients of mine in the underlying

19 bankruptcy.

20 Q And when we hired you to be our bankruptcy attorney, do

21 you remember me calling you in regards to a dilemma

22 that I had about a student list?

23 A A student list. First of all, I want to be very

24 careful that I don't cross into any kind of

25 attorney/client privileged information here. I can

1           definitely say that we discussed the student list, or  
2           client list. I don't know what it was called.

3   Q   And what was my dilemma in regards to that client list?

4   A   Your dilemma was -- if I recall -- granted this is  
5           nearly two years ago, I believe -- whether or not it  
6           had a value, whether or not it was -- whether it was  
7           yours, even to list it. My general advice on those  
8           kind of things is if you're in doubt whatsoever, then  
9           you just list it.

10  Q   Okay. And then in regards to NXIVM as a creditor or  
11       NXIVM as -- and I apologize if I have the wrong  
12       terminology. But Ms. Woolhouse and I had shared our  
13       concerns about what we owed NXIVM and what they might  
14       possibly owe us in regards to filing our bankruptcy.

15  A   I believe that they were listed as a creditor, listed  
16       as having a contingent, disputed, unliquidated amount  
17       or unknown. And they were also listed as you was  
18       having -- both you and Kim in the separate bankruptcy,  
19       as having a claim, a potential claim against them in  
20       what I remember was an unknown amount.

21  Q   Right. And so on Ms. Woolhouse's bankruptcy, you put  
22       "Unknown" for amounts owed and possible claims. And on  
23       mine there was nothing. Do you recall the discrepancy  
24       in that?

25  A   It is probably just my error, if anything. I mean,

1           it's pretty clear that this was an -- if there was a  
2           claim -- I mean, it was an "if", we don't even know if  
3           there was a claim. But you still have to list it, even  
4           if it is contingent. So it was unknown. Both were  
5           unknown.

6   Q       And in your professional opinion, was this a normal  
7           bankruptcy?

8   A       Certainly not. We don't run into adversary proceedings  
9           in your everyday Chapter 7 bankruptcy that I file. And  
10          both of the two of you had expressed your reservations  
11          that --

12                   MR. CROCKETT: Objection, calls for hearsay,  
13           and irrelevant, whether it's out of the ordinary or  
14           not.

15                   THE COURT: Yes, I'm going to sustain the  
16           objection.

17   Q       (By Ms. Dones) Okay. So Mr. Tiffany, in your  
18           professional opinion as a bankruptcy attorney, do you  
19           believe that my listing NXIVM's client list as zero was  
20           in an attempt to defraud the bankruptcy court?

21   A       No.

22                   MR. CROCKETT: Objection, move to strike.  
23           That calls for an ultimate conclusion and calls for an  
24           improper opinion.

25                   THE COURT: Sustained.

1                   MS. DONES: I think that's all the questions  
2 I have for Mr. Tiffany.

3                   THE COURT: Ms. Woolhouse, do you have  
4 questions -- before you do you cross, let's get  
5 Ms. Woolhouse in, if she has questions of Mr. Tiffany,  
6 Mr. Crockett.

7                   MS. WOOLHOUSE: Actually, I have a question  
8 for you, Your Honor, with respect to Ms. Dones's last  
9 question and Mr. Crockett's objection to that and the  
10 intent behind it. I think there has been intent on  
11 both -- I mean, we've been having to prove ourselves  
12 with respect to intent. So this is being used against  
13 us now. So --

14                  THE COURT: Well, there's nothing stopping  
15 you from asking this witness how he -- why it was  
16 calculated at zero or what was behind it. But the  
17 objectionable part is basically asking him to render a  
18 legal conclusion about whether it was fraud. Which if  
19 anybody's going to make that decision and if it's  
20 relevant in this case, the Court would. But there's  
21 nothing wrong with you asking and, particularly  
22 Ms. Dones, since it pertains to her bankruptcy, how  
23 that determination was made.

24                  MS. WOOLHOUSE: Okay. Thank you.

25

1 DIRECT EXAMINATION

2 BY MS. WOOLHOUSE:

3 Q Mr. Tiffany, how was that zero value determination made  
4 for the client list?

5 MR. CROCKETT: Objection, relevance. That's  
6 not on Ms. Woolhouse's schedule.

7 MS. WOOLHOUSE: But it was brought up.

8 THE COURT: It's a good point.

9 Ms. Woolhouse, why don't we let Ms. Dones ask the  
10 question. And I'm just going to let her -- take her  
11 out of order, Mr. Crockett. Because your objection is  
12 correct, but I'd rather get this proceeding along. And  
13 then you'll get a chance to cross-examine him.  
14 Otherwise we're going to have to take and allow you to  
15 get extra rebuttal afterwards when she asks about it.  
16 So I'm going to allow Ms. Dones to ask that question.

17 MS. DONES: I'm not sure I remember the  
18 question. I apologize.

19 THE COURT: The question Ms. Woolhouse so  
20 correctly asked on your behalf was how Mr. Tiffany came  
21 up with -- or how the determination was made to value  
22 the client list at zero.

23 A Well, my answer to that, if my memory serves me right,  
24 is that it did not have any present value to you. It  
25 was something that you may have been in possession of,

1 but it didn't have any value to you. You weren't  
2 allowed to use it; you had no plans of using it.

3 Q (By Ms. Dones) And in that dilemma, why would I even  
4 come to you with that concern? Why did I just not list  
5 it?

6 MR. CROCKETT: Objection, calls for her state  
7 of mind. No foundation.

8 Q (By Ms. Dones) Well, when I had the conversation with  
9 you about my dilemma, about do I list it, do I not list  
10 it. If I list it, they're going to say that I'm  
11 defrauding the bank; if I don't list it, then they're  
12 going to say I was defrauding the bank. In regards to  
13 that, your advice -- why did you advise me to list it,  
14 and why did you advise me to list it at zero value?

15 A That goes back to what I said earlier in terms of my  
16 theory on these kind of things is if there's a  
17 question, then you go ahead and list it. It was given  
18 a zero value as to you because it has no value as to  
19 you.

20 MS. DONES: Thank you, Your Honor.

21 THE COURT: Ms. Woolhouse, do you have any  
22 more questions?

23 MS. WOOLHOUSE: No, Your Honor.

24 THE COURT: Mr. Crockett?

25 MR. CROCKETT: None here.



1 THE COURT: Mr. Tiffany, you may step down,  
2 and you're excused.

3 MR. TIFFANY: Tiff thank you.

4 MS. DONES: Your Honor, could I just have  
5 five minutes to confer with Ms. Woolhouse to see if  
6 either one of us want to take the stand in regards  
7 to --

8 THE COURT: Yes, you may. If you want to  
9 step outside and talk, you can.

10 MS. DONES: Yeah.

11 THE COURT: All right. We'll take a  
12 five-minute recess.

13 (A recess was taken.)

14 MS. DONES: A couple questions.

15 THE COURT: All right.

16 MS. WOOLHOUSE: Two or three questions on the  
17 cross-exam and the rebuttal.

18 THE COURT: I remind you that you're under  
19 oath, Ms. Dones.

20 MS. DONES: Thank you, Your Honor.

21

22 REDIRECT EXAMINATION

23 BY MS. WOOLHOUSE:

24 Q Referring to Exhibit 8 of plaintiff's exhibits, on page  
25 2 under the heading, Susan Dones, and the total amount

1 of \$259,000 listed, so with respect to that figure, why  
2 don't you put this in your Schedule B bankruptcy?

3 A Well, I think that I had -- we had asked our bankruptcy  
4 attorney to claim this as unknown because we didn't  
5 know. And I didn't know how much my April field  
6 trainer and center bonuses were or any sales bonuses or  
7 commissions were.

8 And then in regards to the \$250,000, when we  
9 got NXIVM's response to our resignation letter where  
10 they had threatened criminal and civil prosecution  
11 against us, we immediately, as a group, went to an  
12 attorney who informed us that our letter was, indeed,  
13 not extortion. And then the first question he asked  
14 after he assured us that was -- he asked if we had  
15 planned to go after this money. And I had shared with  
16 him that I didn't have anything but a verbal contract  
17 with him. This is an attorney in Albany, New York, who  
18 said that based on NXIVM's litigation history, that it  
19 would cost me more to try to get the \$250,000 from  
20 NXIVM, or any amount of money from NXIVM, than I could  
21 possibly hope to get as a settlement.

22 So at that time what I did was I chalked this  
23 whole experience and the fact that I didn't push harder  
24 for a written contract up as an expensive lesson. And  
25 I washed my hands of that claim. And I have not -- I

1           didn't have a counterclaim in this case when NXIVM came  
2           into my bankruptcy, nor do I want to continue on with  
3           litigation. I have no intent to try to go after NXIVM  
4           for this money, because I just want to move on with my  
5           life.

6    Q       What has this adversarial proceeding cost us?

7    A       Well, I don't know financially what it has cost --

8                       MR. CROCKETT: Objection.

9                       THE COURT: I'll sustain the objection.

10                      MS. WOOLHOUSE: I have no further questions,  
11           Your Honor.

12                      THE COURT: Mr. Crockett?

13                      MR. CROCKETT: Yes, Your Honor. I don't have  
14           very many questions, but I would like to combine my  
15           very brief three-minute rebuttal with the  
16           cross-examination that we just heard, if that's all  
17           right.

18                      THE COURT: If I understand it correctly,  
19           you're telling me that the only rebuttal you're going  
20           to be presenting is questions you're going to ask  
21           Ms. Dones?

22                      MR. CROCKETT: Right.

23                      MS. DONES: I don't understand.

24                      THE COURT: When a plaintiff presents its  
25           case --

1 MS. DONES: Mm-hmm.

2 THE COURT: -- then a defendant presents --  
3 or defendants present their case, the plaintiff can  
4 present rebuttal evidence in the form of witnesses.  
5 And Mr. Crockett is offering that the only rebuttal he  
6 intends to present on his client's behalf is some  
7 examination of you. And rather than have you sit down  
8 -- I assume maybe you're the only witness -- and then  
9 have to call you back up for Mr. Crockett's rebuttal,  
10 he'd like to just do both examinations at the same  
11 time. And I'm going to allow him to do that, subject,  
12 obviously, to Ms. Woolhouse's ability to cross-examine  
13 both about the -- well, about anything you cover in  
14 your questions, Mr. Crockett.

15 Go ahead.

16 MR. CROCKETT: Thank you.

17 I'd like to ask the Court to take judicial  
18 notice of the fact that these adversary proceedings  
19 were commenced on October 18th, 2010.

20 THE COURT: I can do that.

21

22 CROSS-EXAMINATION

23 BY MR. CROCKETT:

24 Q Could you please turn to Exhibit 13 in the black  
25 binder, Plaintiff's 13?

1 THE COURT: I'm sorry, which exhibit?

2 MR. CROCKETT: 13, plaintiff's 13.

3 Q (By Mr. Crockett) Do you remember this is the email  
4 where you said you would sign a document saying you had  
5 no knowledge of this, and this is the email where you  
6 sent the link around, correct?

7 A No. This is actually just where I sent this to Barbara  
8 Bouchey.

9 Q All right. And this email, you'll agree with me, is  
10 dated just three days after the adversary proceeding  
11 was commenced against you?

12 A That's correct.

13 Q And was this email sent in retaliation for the  
14 adversary proceeding?

15 A This email to Barbara Bouchey?

16 Q And the other one, Plaintiff's 14, the email to the  
17 others? Was it in retaliation for NXIVM bringing an  
18 action against you?

19 A No.

20 Q Can you tell me -- explain to me exactly why you didn't  
21 produce this email in discovery, which was prepared  
22 three days after the adversary proceeding was  
23 commenced?

24 A Are you talking about Plaintiff's 13?

25 Q Yes. Why didn't you produce that?

1 A I didn't know that -- I wasn't ordered to not destroy  
2 any documents, delete anything, until you proposed to  
3 depose me. I didn't know that I had to keep emails.

4 Q So you were destroying emails before your deposition?

5 A You're asking about this email. All I can answer to is  
6 this particular.

7 Q Yes. And did you destroy -- intentionally destroy this  
8 email before your deposition?

9 A No. It wasn't -- I didn't keep emails.

10 Q Well, then did you make any effort, in order to respond  
11 to your document request for your deposition, to  
12 produce this email?

13 A I didn't have this email. And the thing is I knew  
14 Barbara Bouchey had a copy of this email. And so I  
15 wasn't concerned about whether NXIVM had a copy of this  
16 email.

17 Q Let's try again. What is the reason why you didn't  
18 produce this email in response to multiple document  
19 requests?

20 A Because I didn't have it.

21 Q Why didn't you have it?

22 A Because I deleted it.

23 Q Now, I'd like to read from your deposition transcript,  
24 page 14?

25 A Which one? I'm sorry, I need to get my glasses. The

1           print's too small.

2   Q       Volume 1.

3                       THE COURT:   That's the thin one, right?

4   A       Okay.

5   Q       (By Mr. Crockett)   And I'll start at line 6.

6   A       Dones Exhibit 1 is an email dated October 21, 2010, to

7           Barbara Bouchey from Susan Dones.   And you can take a

8           look at it, but the question pending while you look at

9           it is --

10                      And then you say, Right.

11                      Question, Can you explain to me why you

12           didn't produce this document in your document

13           production?

14                      And what was your answer then?

15   A       That I didn't know.

16   Q       Your answer is, I don't know, sir.

17                      And I take it your memory about what you did

18           with this email is much better today than it was a long

19           time ago -- or you know, a year ago.

20   A       If I would have had this document, it would have been

21           produced -- it would have been produced in relationship

22           to your request for my first deposition.   Or it would

23           have been produced in request to NXIVM's document

24           production.

25   Q       So what you're telling me is that after this adversary

1 proceeding commenced, and after this email was sent,  
2 you destroyed at least one email; is that correct?  
3 A I didn't know that I wasn't --  
4 Q Is that correct?  
5 A I didn't know I was supposed to -- I didn't call it  
6 destroy.  
7 Q You deleted it?  
8 A Right.  
9 Q And is it correct to say that these other emails that  
10 we've seen in here, for instance, Plaintiff's 22 and  
11 Plaintiff's 24 -- Plaintiff's 24 being the health case  
12 -- that was destroyed as well after the adversary  
13 proceeding was commenced.  
14 A Which one are you referring to?  
15 Q Let's look at Exhibit Plaintiff's 24. And this one's  
16 just dated October 9th.  
17 A That was before you came into our adversary as an  
18 adversary.  
19 Q When did you delete this email?  
20 A I don't know.  
21 Q You probably -- if I could surmise here a little bit,  
22 you probably deleted it the same time you deleted this  
23 very email that --  
24 MS. WOOLHOUSE: Objection, testifying.  
25 Counsel's testifying.



1                   THE COURT: Overruled. Let's form it in a  
2           question.  
3   Q    (By Mr. Crockett) Yes. Would you agree with me that  
4           when you deleted these emails, you deleted them around  
5           the time that NXIVM brought its adversary proceeding?  
6   A    I don't know that.  
7   Q    One way or the other, you don't know?  
8   A    I don't know. You're asking me something that happened  
9           a year ago. I don't remember.  
10  Q    Can you affirmatively state that you did not delete  
11           these emails, specifically Plaintiff's 24, before -- or  
12           after -- let me try again. Can you affirmatively state  
13           that you did not delete Plaintiff's Exhibit 24 after  
14           the adversary proceeding was commenced?  
15  A    This one here?  
16  Q    In other words, let me restate it. Do you deny that  
17           when the adversary proceeding was commenced, you  
18           decided to do a general housecleaning of your emails  
19           and delete the ones that would get you in the most  
20           trouble? Do you deny that?  
21  A    I believe that I deleted a lot of emails all the way  
22           along.  
23  Q    Listen to my question. It's a little different.  
24  A    You're asking me about housecleaning. Did I do that?  
25           I don't believe I did.

1 Q Okay. So you don't recall doing that to avoid  
2 detection and discovery; is that correct?

3 A That's true.

4 MR. CROCKETT: All right. I have no further  
5 questions, Your Honor.

6 THE COURT: Ms. Woolhouse, do you have any  
7 questions of Ms. Dones?

8 MS. DONES: No, Your Honor.

9 THE COURT: None. All right. Ms. Dones, you  
10 may step down. Are there any other witnesses that  
11 Ms. Woolhouse or Ms. Dones wish to call?

12 MS. DONES: No, Your Honor.

13 THE COURT: Ms. Woolhouse?

14 MS. WOOLHOUSE: No, Your Honor. I'm sorry.

15 THE COURT: All right. And as I understand  
16 it, Mr. Crockett, you have no further rebuttal?

17 MR. CROCKETT: That's correct.

18 THE COURT: Are you guys prepared to make  
19 your closing arguments at this time?

20 MR. CROCKETT: I am.

21 THE COURT: All right.

22 MR. CROCKETT: I'm getting my notes together,  
23 Your Honor.

24 THE COURT: That's fine. If you want to take  
25 a few minutes, you can do that, too, bearing in mind --

1 do you expect to take more than a half hour?

2 MR. CROCKETT: No.

3 THE COURT: All right. I'm going to limit  
4 you to a half hour and limit Ms. Dones and  
5 Ms. Woolhouse to a half hour. Is that sufficient time  
6 to make your closing argument?

7 MS. DONES: Ours is going to be very short.  
8 We haven't really prepared a lot.

9 THE COURT: Is that sufficient time for you,  
10 Ms. Woolhouse?

11 MS. WOOLHOUSE: Yes, Your Honor. I just had  
12 a question. In the closing arguments, I'm not sure if  
13 I understand fully. Is this just facts again or --

14 THE COURT: No, this is when you get to tie  
15 in the facts and exhibits into an argument of why you  
16 think the plaintiff is not entitled to the relief that  
17 it's requesting.

18 MS. WOOLHOUSE: Thank you.

19 THE COURT: I expect Mr. Crockett will be  
20 doing a good job, so you'll get a good tutorial.

21 MR. CROCKETT: Your Honor, this -- I'd like  
22 to approach the clerk with -- it's an index under that  
23 in camera Exhibit 36. And my argument will refer to  
24 the contents of that index. What this index will show  
25 is pieces of interest that we find --

1                   THE COURT: Have you provided a copy to --  
2                   MR. CROCKETT: I did.  
3                   THE COURT: Before I let you start, because I  
4                   don't want to interrupt you, one of the questions which  
5                   I don't think you need to address in your closing, in  
6                   my mind, is this conflict of law issue, and  
7                   particularly as it relates to the argument for  
8                   attorney's fees regarding the malevolent -- I forget  
9                   the exact terminology, but the case out of New York and  
10                  why you think New York law would apply, not to the  
11                  contract, which clearly has a choice of law provision,  
12                  but to the other claims that are based on an oral  
13                  agreement in the videotape and whether that -- which  
14                  law would apply, and also with respect to the  
15                  allegations that they destroyed evidence or refused to  
16                  turn over evidence that were documents based on an oral  
17                  agreement or --  
18                  MR. CROCKETT: Okay.  
19                  THE COURT: Maybe that isn't clear.  
20                  MR. CROCKETT: No, I understand.  
21                  THE COURT: In other words, how does New York  
22                  law apply, other than in the context of interpretation  
23                  of the confidentiality agreement? Or does it apply?  
24                  MR. CROCKETT: It applies in the context of  
25                  the confidentiality agreement because the

1           confidentiality agreement specifically says New York  
2           law, and it applies in the context of the turnover  
3           because all of the things -- the events occurred --  
4           well, you know, you raise a good point there, Your  
5           Honor. The events occurred here in terms of her  
6           documents, and --

7                     THE COURT: And turning over the excerpt or  
8           releasing the excerpt from the video?

9                     MR. CROCKETT: Yes. So I would come around  
10          to that, Your Honor, and say that Washington law would  
11          agree.

12                    THE COURT: I'm not asking you to concede.  
13          But if you're going to argue that issue, you may want  
14          to get me further briefing on that question. Because  
15          it will be at least one of the issues that I'll be  
16          looking at.

17                    MR. CROCKETT: I think that Washington law  
18          would apply to that turnover. And then I doubt that  
19          Washington has a tort attorney's fee law similar to New  
20          York's, which is pretty unusual. So not being a  
21          Washington lawyer, I'm sort of speculating. But  
22          California doesn't have that kind of rule.

23                    THE COURT: Well, I'm not making you decide  
24          today, but that's a question you've sort of raised when  
25          you brought in the New York case. And I understand how

1 New York law would apply in the context of a contract.  
2 I don't know how it applies in other settings.

3 MR. CROCKETT: I don't think it makes much of  
4 a difference, at least to us, because I think the video  
5 was covered by the confidentiality agreement of the --  
6 the video is covered by the confidentiality agreement.  
7 Moreover, the level of effort that we went in to bring  
8 this case is the same, whether we would have brought it  
9 for the video or the contract on the materials.

10 THE COURT: Sorry. I didn't mean to  
11 interrupt you.

12 MR. CROCKETT: No problem. So, Your Honor, I  
13 represent a number of publishing companies who -- or  
14 First Amendment institutions whose only stock in trade  
15 is intellectual property. So I'm familiar with a  
16 number of the cases around the country dealing with  
17 intellectual property. And they put a burden on the  
18 holders of intellectual property to enforce their  
19 rights. And so there's plenty of cases that talk about  
20 not enforcing a right in some other jurisdiction,  
21 therefore, you've lost your right to enforce it here.

22 And so NXIVM, in order protect its  
23 intellectual property, reluctantly has to bring  
24 occasional actions against its former coaches. And  
25 this is one example.

1                   Now, Ms. Dones and Ms. Woolhouse thoroughly  
2           malign NXIVM as being a cult and being litigious and  
3           being militant and being all sorts of bad things. But  
4           in reality, NXIVM has only brought, in its entire  
5           history, three actions for recovery of intellectual  
6           property. And these three folks are pretty well  
7           aligned with each other. And although their facts are  
8           different, I mean, they've combined themselves to  
9           resist NXIVM. And if we don't make a strong effort to  
10          recover the intellectual property now, then we won't be  
11          able to recover it later.

12                   And then Your Honor may be saying, well,  
13          what's the value of this intellectual property? When  
14          you read through the transcript of the materials, you  
15          may say, what's the meaning of these terms, and what's  
16          all this jargon, and what's being said here? And for  
17          the two of us who are not members of NXIVM, I mean, we  
18          look upon this material and we say, we can't quite  
19          understand what's in there. We see that internal  
20          workings are discussed in the videotape. And we look  
21          at the course materials and we say, well this makes a  
22          lot of sense. This is kind of common sense stuff that  
23          we're reading in the materials.

24                   But the truth is is that NXIVM does good  
25          business with this. The physical manifestations in the

1 world about NXIVM's work product is that people are  
2 attracted to it, that they find solace and comfort in  
3 this for-profit industry. And just like people move to  
4 Dale Carnegie or Anthony Robbins, Tony Robbins, so they  
5 find attraction in NXIVM. They're willing to pay  
6 thousands of dollars, hundreds of thousands of dollars,  
7 to participate in this particular venture. And as  
8 you've heard, they're from all parts of the world, from  
9 Ireland to Mexico to Canada, and including Washington  
10 state. And these people get a lot of interest and joy  
11 and fulfillment and satisfaction in paying the fees  
12 that are necessary to do this.

13 And Your Honor also heard that the company  
14 relies upon two basic pieces to bring it together.  
15 They rely upon trained coaches, and they rely upon  
16 pieces of paper to teach these course materials. And  
17 for many years, even though they're somewhat at each  
18 other's throats now, Ms. Dones and Ms. Woolhouse were  
19 beloved members of NXIVM, trusted members of NXIVM.  
20 NXIVM thought the world of these two. They ran a  
21 productive -- especially Ms. Dones, she ran a  
22 productive operation here in Tacoma. She was a nice  
23 person. She attracted a lot of good people to the  
24 organization. She brought value to the organization.

25 And just like NXIVM's other centers in



1 Monterrey and Mexico City and and Manhattan and  
2 Vancouver, NXIVM relies upon nice people like  
3 Ms. Woolhouse and Ms. Dones to bring about client  
4 satisfaction. It's really no different from being a  
5 lawyer. You have to have a personality, and you have  
6 to have drive and ambition and ability to sell yourself  
7 and materials. And that's basically what they're  
8 doing.

9 But something happened in their lives.  
10 Something happened in their lives in 2009, and they  
11 fell in with a group of people who were disaffected, a  
12 small group of people who were disaffected, and they  
13 decided that they would resign. But they didn't go --  
14 they didn't resign satisfactorially, to NXIVM's  
15 satisfaction. They didn't turn over their materials  
16 when requested. It required a lawsuit to get their  
17 materials. They still have student course materials.

18 And to maybe the two of us, that material,  
19 when we look at it, we can say, how can anybody make  
20 money off of it. But the reality is is that when you  
21 really get into the material, and you have a trained  
22 proctor or teacher, or instructor, that material does  
23 lead to value. And I think it's all common sense to  
24 say that the material would have no value or would have  
25 little value if it was just commonly published on the

1 internet, commonly circulated. It just wouldn't have  
2 the kind of value that's necessary.

3 There's been allegations that, well, this  
4 material has already been published. It's been  
5 published in the World Patent Trade Office. But we've  
6 heard testimony that Ms. Woolhouse and Ms. Dones turned  
7 over thousands and thousands of pieces of paper in  
8 response to this Court's order. And that patent  
9 application was only 200-something pages. And we've  
10 also heard that there's hundreds of modules. We've  
11 also heard that not all the modules were produced -- or  
12 the entirety of the modules were published.

13 So Ms. Dones and Ms. Woolhouse have failed to  
14 meet their burden that somehow these materials were  
15 previously published. And in fact, the evidence is to  
16 the contrary.

17 So in this case, we are here to get a  
18 restraining order simply for two things. Number One,  
19 to return the remaining course materials that Ms. Dones  
20 has, that she's refused to turn over. And her story  
21 about it being on her computer and requiring a court  
22 order to turn it over just demonstrates why we're here.  
23 We have to have a court order. I mean, we've got to  
24 have one to get that material, because she won't do it  
25 without a court order.

1                   And the other material we want protected and  
2                   returned is the three-day video. And that is to which  
3                   I direct my comments at this point.

4                   THE COURT: Before you go there, on this  
5                   question of a court order to turn the materials over,  
6                   how exactly would you like the Court to structure such  
7                   an order that would satisfy you that you are getting  
8                   whatever remains in the way of materials from Ms. Dones  
9                   and Ms. Woolhouse?

10                  MR. CROCKETT: I've given a lot of thought to  
11                  that, and I've come up with a simple -- somewhat simple  
12                  solution. And this is what I would propose. That the  
13                  two sides agree on a computer consultant; that they  
14                  meet, all three, the NXIVM representative, Dones and  
15                  Woolhouse and the computer consultant; and that in  
16                  front of the computer consultant, Ms. Dones and  
17                  Ms. Woolhouse burn copies of the material to a DVD; and  
18                  in front of the computer consultant, they delete the  
19                  files.

20                  And furthermore, the computer consultant can  
21                  ask the two of them to run a Windows indexing service  
22                  that's available on all Windows or Apple. indexing. If  
23                  they don't have one, the consultant can tell them how  
24                  to install it. And the index would go through the  
25                  material -- go through the hard disk and look for the

1           occurrence of Raniere and NXIVM, after they've deleted  
2           everything, just to make sure that everything's  
3           deleted. And that's the proposal to deal with that.  
4           And we would pay for everything.

5                   THE COURT: So you want to be able to index  
6           anything that has the name Raniere or NXIVM on it,  
7           whether or not it's actually materials. So if it's an  
8           email that's got the name Raniere or NXIVM on it,  
9           that's on their computer?

10                   MR. CROCKETT: Well, first of all, they  
11           should have turned that over, so we should have it. If  
12           it's attorney/client communication, obviously, we're  
13           not entitled to it. But --

14                   THE COURT: Well, there could be emails that  
15           have that name in there that aren't responsive to your  
16           discovery requests.

17                   MR. CROCKETT: I suppose that's theoretically  
18           possible. So I guess we would suggest the appointment  
19           of an intelligent consultant to make those decisions on  
20           the fly with Dones and Woolhouse. And if Dones and  
21           Woolhouse have an objection to any particular document,  
22           they flag it, the consultant maintains possession of  
23           it. And then --

24                   THE COURT: The burnt copy of the DVD, then,  
25           you would take and retain? Or burn two copies? No,

1           you don't want them to have a copy.

2                   MR. CROCKETT: Right.

3                   THE COURT: So you want to burn a DVD of  
4           whatever materials are on there, and then delete it and  
5           make sure it's deleted.

6                   MR. CROCKETT: Right.

7                   THE COURT: Okay. Got it. Go ahead.

8                   MR. CROCKETT: Okay. And then with respect  
9           to the three-day video, my opening brief points out  
10          that more than trade secrets are protectible under  
11          confidentiality agreements. They include corporate  
12          secrets. They include financial secrets. They include  
13          sexual history secrets. They include personal  
14          relationship history. I mean, there is more than just  
15          trade secrets that can be protectible by an injunction  
16          under New York law.

17                   And so the question is whether the material  
18          in the three-day video falls within trade secrets,  
19          financial secrets, corporate secrets or personal  
20          intimate relation secrets. And yes, the answer to that  
21          is yes. The index, which I provide, establishes all  
22          that.

23                   First of all, when we look at Exhibit 8,  
24          Exhibit 8 is the letter that came after the meeting.  
25          And in that meeting, Bouchev and Dones state that what

1       came out of the meeting was that there was a growing  
2       number of NXIVM community members expressing their  
3       concerns about the inconsistencies we are and have been  
4       experiencing in how the company has operated. And they  
5       were going to share data about that.

6               So when they came out of the meeting, they  
7       prepared this letter that summarized what was  
8       happening. And it was dealing with the inconsistencies  
9       of the way the company was operated. And so these  
10      women met with the conceptual founder. Both of them  
11      said they considered him to be the leader of NXIVM.  
12      Both of them said that he was the one that arbitrated  
13      disputes in the company. Both of them said that he was  
14      the guy who controlled everything.

15             Ms. Dones puts in a statement from a lawyer  
16      in New York. Who responds to a judge that says he's  
17      not an agent, but I don't think that is particularly  
18      helpful or operative given the reality here, the  
19      perceptions of what people thought of him. So when the  
20      Court determines whether Mr. Ranieri was there on  
21      behalf of NXIVM, one has to look at all the facts and  
22      circumstances and can only conclude that, indeed, he  
23      was, because they were there to discuss NXIVM  
24      governance and its problems.

25             And so on page 1, according to this index,

1       which I've given you, all agreed to keep the material  
2       confidential. And then what we see with the remaining  
3       entries on this index is that, employing a lot of NXIVM  
4       technical jargon, they use NXIVM speak to discuss how  
5       the corporation should properly be governed. And one  
6       of the buzz words they use a lot in there is feedback.

7               So Ms. Bouchey talks about the fact that  
8       they're having a feedback meeting. And on page 3 in  
9       volume 1, she's complaining about NXIVM officers who  
10      don't really have their hearts in the company. Raniere  
11      then talks on Page 4 about problems its having with its  
12      lawyers. He talks on page 10 about his style of  
13      corporate management.

14             Dones complains at page 21 that, using NXIVM  
15      jargon, that NXIVM's management is guilty of internal  
16      supression. And she explains how she thinks it's  
17      deviated from the NXIVM model. In other words, NXIVM  
18      teaches people how to be better people and managers,  
19      and Dones is saying, well, you're violating your own  
20      principles here by deviating from that.

21             On page 23, Raniere talks about NXIVM's  
22      Mexico initiative. They've got a strong initiative  
23      there, and he talks about creating a particular tool  
24      for that.

25             And then on a very sensitive topic, the

1 participants start talking about a conflict of interest  
2 in the NXIVM board that has to do with intimate  
3 relations. And it also also has to do with the  
4 Bronfman's participation. And so there's discussion  
5 about people objecting to the Bronfman's participation  
6 on the board. And Woolhouse advocates, on page 38, a  
7 different way to select the board.

8 There's particular criticisms leveled against  
9 Nancy Salzman, the president. There's particular  
10 criticisms about NXIVM's pursuit of secrecy. There's  
11 particular criticism about personnel issues. And  
12 Raniere, Mr. Raniere, tries to defend himself in the  
13 way he handled personnel issues.

14 And then using NXIVM jargon, they talk about  
15 arbitration. And arbitration is not the kind of thing  
16 that you and I would think about normally. But they  
17 have an internal process where somebody arbitrates  
18 disputes. And Mr. Raniere emerges as the key  
19 arbitrator in a number of those disputes, but so does  
20 Bouchey. And they talk about the results of the  
21 arbitrations involving the company's president.

22 Cote talks about intimate relations. Raniere  
23 again, on page 138, talks more about arbitration. On  
24 159, there's discussion in NXIVM jargon about how  
25 discipline is used in the context of the various ranks.



1       Ranieri, then, on page 181 talks about efforts he made  
2       to try and settle the case with Rick Ross, who's  
3       NXIVM's major adversary in New Jersey Federal Court.

4               Volume 2, page 11, they're talking about,  
5       again, the feedback system they're involved in. And  
6       then what emerges in the materials in both Volumes 1  
7       and 2, and especially Volume 2, page 29, is charges of  
8       mysticism and other things, which Mr. Ranieri tries to  
9       rebut and refute. And so there's -- it goes to the  
10      core of NXIVM's mission.

11             NXIVM's mission is a professional scientific  
12      rationale sort of way of teaching people and giving  
13      them feedback and helping them to control their own  
14      desires and ambitions the way that they feel is  
15      optimal. And NXIVM provides these sort feedback loops  
16      to help people to do that.

17             And one thing that emerges in the transcript  
18      is that there's this charge that there's mysticism.  
19      And Mr. Ranieri goes into great depths and explains why  
20      there is no mysticism in that process and that's just  
21      not him, that's not what he believes.

22             And then what's significant is on Volume 3,  
23      we learn that Dones is not even present at that  
24      meeting. What makes that significant is that she's  
25      come in here and claims that, This is my videotape.

1           This is me. I was just doing this for my purpose. So  
2           why am I being restrained from using my videotape?  
3           Well, if it's her videotape, why was she not there?  
4                       And instead, what that demonstrates is that  
5           the three-day session was just a corporate session. In  
6           other words, the body, the corporate body was there.  
7           And the corporate body was there for three solid days.  
8           But when people came and go, it didn't affect the fact  
9           that there was a corporate body there. So when Dones  
10          left, it didn't affect the fact that things were  
11          continuing on.  
12                       And then 310, board member Bouchey confesses  
13          to a secret, which she claims interferes with her  
14          duties. Again, Ranieri, on 33 talks about settlement  
15          strategies involving Rick Ross. And then what I find  
16          interesting is this -- oh, then on 46 there's  
17          discussions about possibly restructuring the board of  
18          directors.  
19                       And then we get to 57 on Volume 3. And  
20          that's the, I've had people killed. And when you read  
21          that, I mean, when you read it in context, you'll see  
22          what that is all about. That is nothing. He's not  
23          saying he's had people killed. He's saying that  
24          because he's given advice and because he's taken  
25          particular stands with people who are in jeopardy, that

1 people have been killed as a result. And there's been  
2 a lot of press reports dealing with the Mexico  
3 initiative that NXIVM has been involved with.

4 But suffice it to say that people who believe  
5 in NXIVM and who follow NXIVM sometimes have their  
6 lives in jeopardy because of their positions in other  
7 places. And so shortly after this video, that actually  
8 occurred in a notorious case reported in the press in  
9 Northern Mexico. But in this case he's just talking  
10 about the fact that that people who follow his advice,  
11 it's not always the safest thing to do, if it comes  
12 against prevailing wisdom.

13 And as I point out, the video repeatedly  
14 refers Mr. Raniere as Vanguard. There's repeated  
15 objections to the participation of NXIVM's major  
16 financial backers. There's repeated discussion about  
17 the feedback mechanism they're involved in. There's  
18 discussion about the ethical philosophy contained in  
19 the curriculum. There's discussion about ethics,  
20 morality and mysticism contained in the video.

21 So that kind of summarizes the more sensitive  
22 parts of this video. And it's a lot of internal  
23 corporate NXIVM speak. But still, it's the kind of  
24 thing that if it got out in the trade and it got  
25 published, then NXIVM's competitors could hurt NXIVM

1           with it. NXIVM's enemies could hurt it. It's not the  
2           kind of thing you ever want to get out.

3                       I mean, my law firm would be aghast if it  
4           ever came out that there were discussions that one  
5           partner was having intimate relations with another  
6           partner. I mean, there's nothing wrong with that, but  
7           there's a problem with that getting out. It just isn't  
8           right. And it would not be right if my law firm  
9           revealed that there was an internal power struggle and  
10          that people were being accused of conflict of interest.  
11          I mean, that's all internal corporate management that  
12          should not get out and should not ever get out. And  
13          that's what Dones agreed that she would do.

14                      So that comes basically to the conclusion of  
15          my argument. And that is, what are all these other  
16          emails about? Why have we introduced these emails  
17          where Ms. Dones is engaging in rather questionable  
18          conduct, to put it at the least. And I mean, I've got  
19          a real problem with the way she produced documents in  
20          this case, her destruction of documents. I mean,  
21          plainly, the one document where she said she'd lie to  
22          protect Barbara Bouchey was a document that was created  
23          after this adversary proceeding commenced. And she  
24          didn't produce it. At her deposition, she didn't know  
25          what happened to it. And her deposition occurred only

1 a few weeks after the adversary proceeding. And now  
2 she's got a complicated explanation as to what happened  
3 to it.

4 And then we look at all these other emails  
5 about health food or -- or Health Department complaints  
6 and using client lists and other sort of guerrilla  
7 tactics against NXIVM.

8 We see the account, Judit Ackerman, that's  
9 being used that she's not produced. I mean, all this  
10 shows that Ms. Dones really has an axe to grind against  
11 NXIVM. And it's an unfair axe, and she really has no  
12 basis to grind that axe. She comes in here and talks  
13 about being lied to and about illegal conduct. But  
14 when we look at the lies and illegal conduct, it's  
15 nothing. It's nothing. It's just a bunch of people  
16 sitting around and talking about the lies and illegal  
17 conduct as if they actually occurred, when in fact,  
18 they never did.

19 So that brings me to 11 USC Section 727  
20 regarding the denial of the discharge. And I'd point  
21 the Court to Subsection 4, "The debtor knowingly and  
22 fraudulently, or in connection with the case, made a  
23 false oath or account, presented or used the false  
24 claim, gave" -- let's see, Subsection D, "withheld from  
25 an officer of the estate in title and possession any

1 recorded information." And 6, "The debtor has refused,  
2 in this case, to obey a lawful order of the Court,  
3 other than to respond to a material question or to  
4 testify."

5 And I would submit that Ms. Dones' failure to  
6 produce critical and sensitive material that is  
7 obviously relevant to this case is a violation of those  
8 two sections. I mean, when she responds with the  
9 discovery responses, she's doing so under oath. When  
10 she's being asked questions at her deposition, she's  
11 doing so under oath. And this particular adversary  
12 proceeding is unique in the sense that the real and  
13 only question is where is the intellectual property and  
14 what have you done with it.

15 And so the material that she withheld and  
16 concealed and destroyed goes directly to that point.  
17 What have you done with it, and where is it? It's not  
18 collateral emails. It's right there.

19 And so what is merited here is more than just  
20 a discovery sanction, because I mean, what kind of  
21 discovery sanction could we get here? The case is  
22 over. What is merited here is a denial of the  
23 discharge.

24 Thank you, Your Honor.

25 THE COURT: I have a couple of questions for

1           you.  What's notable is that I don't think you  
2           mentioned the Woolhouse name once in the entire closing  
3           argument.

4                     MR. CROCKETT:  No, I did, several times.

5                     THE COURT:  Did you?  Okay.

6                     MR. CROCKETT:  But it's on their joint  
7           computer.  That material is on their joint computer.

8                     THE COURT:  What evidence do that I have  
9           Ms. Woolhouse -- there's a risk that she will do  
10          anything in this case to disclose information, whether  
11          it's the video or it's materials or whatever?  What has  
12          she done that would form the basis for issuing an  
13          injunction against her?

14                    MR. CROCKETT:  Well, we heard that the videos  
15          -- or the computer materials is on her computers, on  
16          their joint computers.  So we're going to need an order  
17          having those two cooperate to turn over that material.

18                    THE COURT:  But other than that, you don't  
19          have any argument that there should be -- other than  
20          some sort of requirement that they turn over whatever's  
21          on that computer, do you have any other issue with  
22          Ms. Woolhouse?

23                    MR. CROCKETT:  No.

24                    THE COURT:  Second question.  In terms of  
25          training material, coaches notes, facilitator notes,

1 proctor notes, curriculum module materials, whatever's  
2 on the computer or whatever was turned over at some  
3 point during the course of the case, what evidence do I  
4 have that Ms. Dones or Ms. Woolhouse, but particularly  
5 Ms. Dones, has actually used that information,  
6 repackaged or in some other setting, once she resigned?  
7 Toward the idea that you want an injunction against her  
8 using the materials.

9 I'm trying to find out what the evidence is  
10 to support the claim that there's a substantial danger  
11 of irreparable injury if an injunction is not issued  
12 with respect to the materials. I'm trying to find out  
13 what evidence there is that she misused those  
14 materials, other than the -- I'm not talking about the  
15 video. You know, there's evidence in that area. But  
16 with respect to the course materials and the other  
17 materials, modules and all the other information.

18 MR. CROCKETT: I can summarize that. Number  
19 One, it's her behavior with respect to other NXIVM  
20 sensitive material which causes us concern. Number  
21 One, the video. I mean, the fact that she did release  
22 the video is really a major concern to us with respect  
23 to the material that she does have in her possession.

24 If she, in the face of an explicit agreement,  
25 has decided that because she thinks her life's in



1 danger, she's going to produce material, I mean, that  
2 causes us a big concern. Sure, she's not a woman of  
3 her word on a very critical agreement. So why is she  
4 going to honor her confidentiality agreement without a  
5 court order in the other case?

6 And secondly, Ms. Dones just skirts the  
7 envelope here. I mean, she's turning over financial  
8 information, financial data to -- just seven days after  
9 her order in this case. She's turning it over to  
10 O'Hara. I mean, if she's turning over sensitive  
11 financial information just seven days after her  
12 injunction, why shouldn't we be fearful that she's  
13 going to disregard her obligation to keep her material  
14 protected?

15 And then thirdly, she has that material. She  
16 continues to have that material. She was ordered to  
17 turn it over. And she didn't turn it over. She has  
18 that computer material. So we wouldn't be all so hot  
19 and bothered and upset if we had that material in hand.  
20 But we don't. It's going to require a court order to  
21 return that material.

22 I mean, if I had been her and I found that,  
23 gee, I've got this material on my computer, I would  
24 have come into court and I would have said, I'm ready  
25 to turn it over. Here's my computer. I'm ready to

1           turn it over. I'm sorry. I didn't realize I didn't  
2           have it. But instead, she refuses. And she refuses  
3           our demands to turn it over. And it's in violation of  
4           the court order.

5                        So if the question is did she go out and try  
6           and repackage it, well, we have emails indicating that  
7           she's going to, she's talking about it. Is she going  
8           to try and make money off it? We have emails that say  
9           that she's going to.

10                      THE COURT: Is that the email where she's  
11           asking Ms. Bouchey, how do you think NXIVM would  
12           respond to --

13                      MR. CROCKETT: Right.

14                      THE COURT: And you think that reflects that  
15           she's going to, as opposed to just she's asking  
16           Ms. Bouchey what she thinks NXIVM's attitude would be  
17           if they approached NXIVM about using the material  
18           without attribution or in some other repackaged sense?

19                      MR. CROCKETT: Well, yes. It shows that  
20           she's going through that in her mind, that she's  
21           thinking of doing that. And so when you combine those  
22           little warning signs with a defiance of a court order,  
23           and you combine that with her really malicious conduct  
24           in two other areas, I mean, we've got some concerns.

25                      This is not a case where an Arby's franchise

1 owner goes out of business and he's doing nothing. I  
2 mean, if an Arby's owner goes out of business and  
3 there's no indication that he's going to continue to  
4 use Arby's mark, this is not that kind of case. This  
5 is a case where we have an Arby's owner who's got  
6 emails to people saying, I wonder if we can reconfigure  
7 the Arby's format to do it our way? I wonder if we can  
8 reconfigure the Arby's format to do it this way? And  
9 this is where an Arby's owner would take some of the  
10 financial information and send it over to Burger King.  
11 And this is an Arby's owner who's got a court order  
12 telling him to return material, and he's defying it.

13 I mean, I can understand why the Court would  
14 rely on contract principles if the parties were -- if  
15 the party was compliant and cooperative. But that's  
16 not the case here. We had Ms. Dones on the stand lie  
17 about those emails. I asked her -- she asked her  
18 repeatedly, you know, did you send these emails, did  
19 you do these malicious things, and she said, I can't  
20 say "yes" or "no". I can't take a stand on it. She  
21 claims she had memory problems. This is a woman who's  
22 not truthful.

23 NXIVM wants this thing to get over it with.  
24 And Ms. Dones complains that it's going to be hard for  
25 her to get a job, et cetera. She is employed. Her

1 schedules say she's employed. She's self-employed. So  
2 for her to come in and say it's hard for her to get a  
3 job when she to shows three years of solid income, I  
4 don't get it.

5 Any others?

6 Thank you, Your Honor.

7 THE COURT: Ms. Woolhouse? Ms. Dones?

8 MS. DONES: Thank you, Your Honor. In  
9 regards to Mr. Crockett's statements, Mr. Crockett is  
10 trying to convince the Court that we --

11 THE COURT: This is NXIVM. Mr. Crockett is  
12 their attorney. It's not a personal matter.  
13 Mr. Crockett is doing his job to represent NXIVM.  
14 Let's talk in terms of you and Ms. Woolhouse against  
15 NXIVM.

16 MS. DONES: Okay. In regards to that, NXIVM  
17 is claiming that we have absolutely refused to return  
18 their materials. And I don't believe that that's true.  
19 I think that we returned boxes. I mean, I think it was  
20 like 18 boxes full of materials and 45 flip charts.  
21 And we returned all of that information.

22 Now, they're inferring that somehow I  
23 sneakily decided to keep materials. And they were  
24 actually on a computer that Ms. Woolhouse and I no  
25 longer use. I found those in discovery. And as soon

1           as I found out that I had those electronic files, I  
2           immediately turned them over to NXIVM. It's not like I  
3           thumbed my nose at them and said, you know, oh --

4                   THE COURT: When did you do that? Did you  
5           make copies and turn them over?

6                   MS. DONES: Yes. Yeah. I give them a whole  
7           disk full of their materials. And then we were in  
8           court shortly after that, and I admitted to the Court  
9           that I found those in discovery, and that as soon as  
10          the Court allowed me, gave me permission, that I would  
11          wipe those from our hard drive.

12                   Now what NXIVM wants to do is they want to  
13          come in and actually practically mirror image a  
14          computer, invading our privacy in regards to that.  
15          Now, I don't mind hiring somebody -- having NXIVM hire  
16          somebody who comes in and actually watches me delete  
17          those files, but to do a Window index of my entire  
18          computer is an invasion of my privacy. I worked for  
19          that --

20                   THE COURT: Ms. Dones, here's the concern,  
21          from NXIVM's perspective. Whether you deleted the  
22          emails before you were required to do it or didn't turn  
23          them over and had them, either way, they're concerned  
24          that you haven't been completely candid in this case.  
25          And it's a legitimate issue. And they're trying to

1           make sure that those materials are deleted once and for  
2           all, and they're convinced that they're deleted.

3                       How else would you suggest that this be  
4           handled?

5                       MS. DONES: I suggest that they hire -- I  
6           hire the person; they pay for it. I meet with that  
7           person. The person helps me search the computer and  
8           delete the files. But to take anything that says  
9           "NXIVM" off of the computer and hand it over to NXIVM  
10          is an invasion of my privacy.

11                      Now, I agreed to erase everything on that  
12          laptop that says "NXIVM". But there are things on that  
13          -- I mean, I worked for the company for nine years.  
14          And so there's possible things that are on that  
15          computer that are personal to me. And NXIVM does not  
16          have a right to invade my privacy in regards to that.  
17          I've said all along, I offered NXIVM their videos back.  
18          I don't care about the videos. I don't want the  
19          videos. Actually, to have the videos is actually not  
20          good for me to have them.

21                      Now, there are other copies of videos out  
22          there. Barbara Bouchev has a copy of the videos, and a  
23          copy of those videos have been turned over to Rick Ross  
24          in discovery in Rick Ross v. NXIVM. But I'm more than  
25          willing to give NXIVM those copies back, because if

1           they're out of my hands, they've been washed off of the  
2           hard drive that they're on, then I'm clean in regards  
3           to that.

4                       THE COURT:   Is the video on the same hard  
5           drive of the same computer that --

6                       MS. DONES:   No, sir, it's on an external disk  
7           that I also have my DJ music on.   So I don't want to  
8           get rid of the hard drive.   But I would agree to wash  
9           that off of my hard drive and then have somebody report  
10          back to NXIVM that is a qualified professional to do  
11          that.   But I don't think NXIVM needs to be there,  
12          snooping into my stuff in relationship to that.

13                      NXIVM has presented a case in regards to  
14          inference.   And my understanding -- my very limited  
15          understanding of the law is that a case cannot be  
16          decided on inference.   They've inferred our intent,  
17          mostly my intent, in relationship to emails, but have  
18          provided absolutely no data to back up their inference.

19                      Most of this case all along was about lost  
20          students and financial damages.   We spent months and  
21          months and months in regards to discovery and back and  
22          forth, motion after motion after motion.   And then in  
23          the final month, NXIVM decides instead of producing the  
24          evidence that they had actually been damaged, they pull  
25          that out.   Yet they're still asking for me to pay all

1 of those attorney's fees of something that they chose  
2 to come into my bankruptcy for, make those claims and  
3 then turn around in the final hours and pull out on  
4 that.

5 NXIVM claims that they're a profitable  
6 business that a lot of people are drawn to. And I  
7 agree to that. I also believe that Scientology is a  
8 very profitable religion. But some people consider it  
9 a cult. And some people consider NXIVM a cult, and  
10 they have for years and years and years. And so NXIVM  
11 isn't necessarily a clean-cut, above-the-board company.  
12 There's a lot of controversy around in that.

13 For years I defended that, until I found out  
14 information that led me to believe that it was true,  
15 that NXIVM was a cult. When I found that out, I left.  
16 A lot of people believed in Bernie Madoff, but later  
17 found out that Bernie Madoff actually lied to a lot of  
18 his clients.

19 A lot of people bought cars from General  
20 Motors believing they were safe. But it wasn't until  
21 Ralph Nader came out and was, not by legal description,  
22 a whistle blower, but was a whistle blower. And in  
23 regards today that, GM did everything they could to  
24 discredit Ralph Nader. Which NXIVM has done in this  
25 case by constantly calling me an extortionist, a liar,



1           and has gone so far to say that this was in retaliation  
2           because Nancy Salzman didn't love me romantically back.  
3           That's a standard tactic that the perpetrator does  
4           against the victim.

5                       So we don't agree that NXIVM has a right to  
6           come in and index that -- if they want to index that  
7           computer, it's an old computer.

8                       THE COURT:   How do you respond to the  
9           argument that you agreed to keep that video  
10          confidential, on the record?  It's in the transcript.

11                      MS. DONES:   Yes, sir, and we both have  
12          testified that that's true.  We --

13                      THE COURT:   How do you respond -- what would  
14          you say if you were enjoined from ever turning over  
15          that video or any excerpt of the video or any  
16          transcript of the video?

17                      MS. DONES:   Fine.

18                      THE COURT:   Any of those.

19                      MS. DONES:   You know, and that's why we  
20          offered them the permanent injunction.  There's a  
21          couple of downsides to being enjoined.  But other than  
22          that, there's no downside, because of the fact that  
23          I'll give them -- I don't even have a copy of the video  
24          to do anything with.  And so I don't mind that.  But if  
25          NXIVM is going to come in and do a hunt and gathering

1       within my computer, why would I need to be enjoined to  
2       anything? There would be nothing left to enjoin me  
3       over in that regard.

4               You know, they want me to burn a DVD.  
5       They've already gotten all of those. They wanted me to  
6       delete the files. I have already offered several times  
7       to do that. I never once refused to give NXIVM their  
8       materials back. Now, I might have been stupid in  
9       regards to attempting to try to get them back. Why  
10      didn't I just box them up and send them back? I was  
11      afraid that they would say, you didn't give us all of  
12      those materials back.

13             I don't need to be court-ordered -- I didn't  
14      need to be court-ordered to give them their materials  
15      back. I've tried since the day I've left to do that.  
16      And every time I've attempted to do it to safeguard  
17      myself, NXIVM just through one road block in front of  
18      the other. And yes, when I returned their materials, I  
19      did not take the time to go through every single  
20      computer I had. I was a little busy trying to figure  
21      out how to defend myself against all their claims. I  
22      didn't hide those. I didn't intentionally hide those  
23      files. If I was that type of person, they would never  
24      know that I had them on a computer. I would have just  
25      hid them.

1                   They infer that because I ask a question  
2           about something that I love, that if I could continue  
3           to do that in the world without being attached to the  
4           cult, that that means that I'm doing that. I don't  
5           teach anything. I'm a weekend DJ because it fits into  
6           my lifestyle right now, the lifestyle of having to  
7           learn how to defend myself against them. And I don't  
8           believe it will be the first time, and that's why I  
9           believe an injunction, if offered, needs to be very,  
10          very clearly laid out. Because the thing is is that as  
11          they've mentioned themselves, they have enemies out  
12          there. And the thing is is that if one person does one  
13          thing, they're going to pull me right into court, just  
14          like they pulled Barbara Bouchey into court and blamed  
15          her for that video that they say that I'm willing to  
16          lie about.

17                   I took responsibility, knowing they would  
18          haul her into court and accuse her of that. And I  
19          stepped up to the plate and said -- and gave her the  
20          documentation that she needed to prove that she wasn't  
21          a part. I could have kept my mouth shut and blamed her  
22          and said, I didn't do anything with that.

23                   And so the thing is is that I believe I've  
24          proven that I'm a very responsible person. I had a 720  
25          credit score before I left NXIVM. I was always

1 responsible with my bills. I was raised that way. It  
2 was very difficult for me to come into bankruptcy. I  
3 spent months trying to figure out how not to do that so  
4 I could pay every single one of my creditors back. I  
5 couldn't get out of it. I didn't have the capacity to  
6 make that kind of income to pay that debt off. I've  
7 lost every everything. I'm in a home that's upsidedown  
8 because I borrowed money against it so I could take  
9 NXIVM courses. I drive a 1998 vehicle because it's  
10 paid for. I don't live an irresponsible life.

11 But I think that NXIVM has painted me to be  
12 an NXIVM heretic, when they have not proven that. They  
13 just infer into email into email into email, when they  
14 could have brought those attachments and said, Here,  
15 look at this. They didn't bring those attachments.  
16 One has to ask why. I mean, they have six attorneys.  
17 They spent lots of money doing five third-party  
18 depositions, but did not provide one of those  
19 depositions in this court. And they expect me to have  
20 to pay for that. It will take me the rest of my life  
21 to pay that off. And I think that I don't deserve to  
22 be punished that way.

23 THE COURT: Here's one of the problems for  
24 me, Ms. Dones. And it has to do with these emails that  
25 were not produced. Some produced recently through

1       Mr. Goldenberg, from Mr. O'Hara's computer, some  
2       earlier ones involving Ms. Bouchey shortly after the  
3       filing of the adversary. How do you -- I mean, how do  
4       you explain your actions with respect to those emails?  
5       It seems like your story's varied at different points.  
6       One, it was deleted; Two, it was done before you were  
7       involved or NXIVM was involved.

8               I've had a hard time understanding why these  
9       emails, which pertain to NXIVM and pertain to your  
10      disputes with NXIVM and I think were responsive to  
11      discovery requests, were not turned over.

12             MS. DONES: If you look at the dates on  
13      those, most of those are before NXIVM came into my --  
14      in as an adversary. And the thing is is I try not to  
15      keep emails. I mean, I've had that email account for  
16      years. And I try to every day to go in --

17             THE COURT: The CallToAction or the Judit  
18      Ackerman or your own?

19             MS. DONES: The CallToAction. The  
20      JuditAckerman, I actually, Your Honor, deleted emails  
21      in that account, but I got locked out of that account.  
22      And why did I get locked out of that account? The only  
23      way to get locked out of the account is because  
24      somebody attempted several times to get into my  
25      account, and I didn't have a secret question. And so I

1           couldn't get into the account. But I didn't turn  
2           anything over because I don't believe there was  
3           anything in that account. And I actually stopped using  
4           that account before NXIVM ever came into my bankruptcy.

5                       So I think what they do is they take a lot of  
6           circumstantial evidence and they try to put it  
7           together. I don't understand the law real well, but  
8           what I understand is is that you can't win a case on  
9           circumstantial evidence. They didn't provide --

10                      THE COURT: You can win a case on  
11           circumstantial evidence. Lots of cases are won on  
12           circumstantial evidence.

13                      MS. DONES: Well, then, they might win this  
14           case, and so be it --

15                      THE COURT: Sometimes it's more reliable than  
16           direct testimony.

17                      MS. DONES: I mean, if that's the case, so be  
18           it. There's nothing I can do about that.

19                      THE COURT: I'm trying to get to your  
20           explanation for why I'm getting all these emails that  
21           were received by you, either through JuditAckerman or  
22           through CallToAction, that were not produced.

23                      MS. DONES: Because I didn't have them to  
24           produce, Your Honor. I go through every day -- when I  
25           check my email, I go through and I delete ones that I

1           don't believe are relevant to my life.

2                   THE COURT: Well, but there's a deleted  
3           folder within your computer.

4                   MS. DONES: And I empty that, and I empty my  
5           junk mail folder. And I do that every time I go into  
6           my email account. But if you look at the folders that  
7           are the most full in my email account, it has to do  
8           with NXIVM legal.

9                   THE COURT: Okay. Anything more?

10                   MS. DONES: Well, the one thing that I would  
11           like the Court to consider is that if the Court is  
12           considering attorney fees in regards to this, one is  
13           that they consider the fact that a lot of these  
14           attorney's fees have been spent frivolously on the fact  
15           that they did depositions they haven't used. A lot of  
16           this has around claims that were dropped because of  
17           their refusal to turn over discovery in regards to  
18           that.

19                   And then I also would ask the Court to  
20           consider what this has cost me. I haven't been able to  
21           work full-time, only on the weekends.

22                   Oh, and the other thing I would like to do is  
23           because I don't understand what Mr. Crockett has filed  
24           in regards to attorney's fees, is that I would like  
25           time to be able to research that and respond to that.

1                   THE COURT: Okay. Let me ask you, before you  
2                   leave -- and I forgot to ask you while your case in  
3                   chief was being prepared -- and I'm sorry,  
4                   Mr. Crockett, for doing this out of order. But I  
5                   wanted to make sure, are there any exhibits which you  
6                   wish to offer that were not already admitted among your  
7                   exhibits?

8                   MS. DONES: You know, I don't remember which  
9                   ones were refused.

10                  THE COURT: I think, actually, the only two  
11                  of the I think eight exhibits that you listed that were  
12                  admitted was the April 2009 video sections used at  
13                  trial. I'm not quite sure what that refers to.

14                  MS. DONES: That actually was approved. I  
15                  think that the ones that weren't --

16                  THE COURT: So was that a transscript or  
17                  something --

18                  MS. DONES: I think there was a couple --  
19                  well, there's actually the video in there. There's a  
20                  link -- the video link that I sent --

21                  THE COURT: Did you excerpt?

22                  MS. DONES: Yeah. And then in regards to the  
23                  -- there's a Seattle meeting one where there's several  
24                  excerpts in there where --

25                  THE COURT: That was not admitted. Exhibit



1           6, the patent application, was stipulated to. And  
2           Exhibit 1, the Kemp Last Will and Testament, although  
3           that's not really pertinent any longer. So the ones  
4           not admitted were the Foley deposition, the Seattle  
5           meeting audio tape, it says Sections Used at Trial,  
6           Transition, Resignation Letters. I assume that's  
7           Washington Department of Revenue. Those are the ones  
8           that were not admitted. Are there any of those that  
9           you wish to offer that you haven't offered so far?

10                   MS. DONES: Yes, Your Honor. I would like  
11           the Seattle meeting to be offered. There's been  
12           several inferences in this case about things that were  
13           said in regards to that. That Seattle meeting is a  
14           meeting amongst NXIVM's leadership, and there were  
15           several things in there where NXIVM leadership is  
16           actually disparaging Ms. Woolhouse and myself to people  
17           within the NXIVM community in the Pacific Northwest.  
18           And actually --

19                   THE COURT: That's enough. Do you have any  
20           opposition, Mr. Crockett?

21                   MR. CROCKETT: It did not come in by way of  
22           testimony, and it's not relevant.

23                   THE COURT: Okay. I'm going to sustain the  
24           objection. You needed to present it through testimony.

25                   Any other exhibits?

1                   MS. DONES: The other one is Clare Bronfman  
2 testified that they had received several resignation  
3 letters where people were complaining that they left  
4 based on what Ms. Woolhouse and I said. And we  
5 provided an exhibit with all of the resignation  
6 letters, and those were provided through NXIVM's  
7 discovery to us. And I think that that speaks to the  
8 fact that Ms. Bronfman was inaccurate in her testimony  
9 in regards to that.

10                  MR. CROCKETT: It didn't come in through  
11 testimony, and it's irrelevant.

12                  MS. DONES: I think that where it is relevant  
13 is several times Ms. Bronfman attempted to get that dig  
14 in in regards to Ms. Woolhouse and I. And I believe  
15 that has prejudiced the Court in regards to that, and  
16 I'd like the Court to take that into consideration.

17                  MR. CROCKETT: They're all hearsay as well,  
18 Your Honor. They're offered for the truth of the  
19 matter asserted.

20                  THE COURT: I'll sustain the objection. I  
21 don't think they were properly presented to the Court.

22                  MS. DONES: Okay.

23                  THE COURT: All right. Ms. Woolhouse, do you  
24 have a closing argument?

25                  MS. WOOLHOUSE: Yes, Your Honor.

1                   So in the nine years that I was involved with  
2           NXIVM, I often heard about litigation against  
3           suppressives and people who were out to destroy the  
4           company. And I believed the leaders, and I fully  
5           supported the leaders in that. And I did not choose to  
6           look at the real data or get the data on my own. I  
7           believed that I was told. And this has been probably  
8           one of the greatest learning experiences for me in  
9           handling my own litigation against the company that I  
10          once loved and supported. Financially, I supported  
11          them. Emotionally. In all ways. This was my life.

12                   And I never imagined that I would be on the  
13          other side of trying to defend myself against this  
14          company. I believe I have been responsible in  
15          providing evidence to prove that I have never breached  
16          my confidentiality agreement. I have never released  
17          any kind of materials that went out to the public or  
18          damaged to the company. There's been no proof of that  
19          from me.

20                   I was the only one present in this room today  
21          that was in the last three-day meeting with  
22          Vanguard/Keith Raniere. My experience of the three  
23          days, I went into the meetings truly believing that he  
24          may not know of some of the conflicts, or maybe he  
25          didn't understand the effect of some of the conflicts

1       that I perceived. And I gave him the benefit of the  
2       doubt. But by the third day, we had two hours with  
3       him. And one of the things he kept saying to me was  
4       that I needed to get the data in order to prove that  
5       there was any problem, and that this had become a  
6       conundrum. And he used that word many, many times.

7               I know that it's claimed that he is one of  
8       the top three problem solvers of the world and has one  
9       of the highest IQ's. I believe he is very skilled at  
10      nondisclosure, neurolinguistic programming, and  
11      brainwashing in order to manipulate people based on  
12      knowing what their triggers are and what their soft  
13      spots are or their weaknesses are. And I believe that  
14      that had a great effect on me and my ability to  
15      rationally discriminate.

16             But I just had a gut feeling, by the third  
17      day, that he was not interested in helping heal and  
18      bring this company around. We believed it was a ship  
19      that was sinking. And we truly -- all of us really  
20      wanted to help bring the company around.

21             I believe that this has become an issue of  
22      consumer fraud for me, that I brought goods that were  
23      not upfront and truthful. I wanted to believe that  
24      this was truly an ethical company, because that was one  
25      of my highest values, was to work with people who would

1       uphold ethics in the world in the same way that I saw  
2       them.

3               I am fearful of the permanent injunction for  
4       two reasons. The first reason is, based on what I've  
5       had to do for the last two years in order to support  
6       myself and pay the bills, is I've been having to work  
7       three or four jobs, part-time jobs. I have not been  
8       able to get full-time employment, even though I have  
9       attempted. I used to be very responsible financially.  
10      I've never not ever paid my bills. But because I  
11      believed in this company so much, I went into credit  
12      debt in order to continue supporting the center and  
13      believed that eventually it was going to turn around.  
14      I kept -- I just kept believing that it would turn  
15      around.

16             So I believe that a permanent injunction  
17      could definitely hurt any possible future employment  
18      for myself. If they were ever to Google my name, which  
19      I have done recently, it is linked to all of this  
20      circus mess, in my opinion. And I think it calls to  
21      question my trusting character as an employee for -- if  
22      I were an employee, I would question somebody that had  
23      their name linked to this kind of dispute.

24             I'm also fearful that unless the permanent  
25      injunction is delineated very, very carefully, as we

1 proposed in our trial brief, that based on the history  
2 that I know now about the company coming in and being  
3 able to bring a lawsuit against anyone that they  
4 perceive questions them or challenges them, that I will  
5 be brought in again. Whether they have valid proof or  
6 not, this has been my experience in this case.

7 I did not know that in the United States  
8 legal system that you can bring a lawsuit against  
9 someone without having actual proof, and that it's up  
10 to the defendant to have the burden of proof. I've  
11 always believed it was the opposite. I believed that a  
12 plaintiff always had the burden of proof. But that has  
13 not been my experience. And I have provided -- in the  
14 little time that I have, I have spent as much time and  
15 resources of my own in order to have to defend myself.

16 This has been a year-long nightmare for me.  
17 And I believe it is torturous. And I am very fearful  
18 that this is going to happen again, not only to myself,  
19 to Ms. Dones, and to possibly the other six women that  
20 resigned. They are all potential victims of this  
21 strategy.

22 I would ask the Court to honor our proposal  
23 for delineating the permanent injunction, if you so  
24 choose to bring that.

25 Thank you.

1 THE COURT: Thank you, Ms. Woolhouse.

2 Mr. Crockett?

3 MR. CROCKETT: Briefly, Your Honor. So, Your  
4 Honor, I tried a case in California for the Bronfmans  
5 against a couple of lawyers, a real estate fraud case,  
6 and we obtained a \$10.3 million verdict, including  
7 punitives. And their defense was that they were  
8 manipulated by Keith Raniere, that it was all a cult.  
9 It was mind control, it was this and that.

10 And I remember asking these two people, do  
11 you not have wills and capacities of your own? You're  
12 both lawyers. You went to law school. You're both  
13 highly intelligent people. Do you not have the  
14 capacity to tell the difference between right and  
15 wrong?

16 I see the same thing happening here. We have  
17 two women who, they're not poor woman who live on the  
18 street. These are entrepreneurs who ran a center and  
19 made good money for nine years. And when you look at  
20 their schedules, they list their incomes for the past  
21 three years. They make good money, especially Susan  
22 Dones. And you can see it fell off when she resigned  
23 from NXIVM, and then she's not made a lot of good  
24 money. But they blame Keith Raniere and NXIVM for  
25 their income problems. They claim Keith Raniere and

1           NXIVM for their credit card issues.

2                       These are capable women, one with a master's  
3           degree in psychology, a former Navy veteran. I mean,  
4           these are capable women who have the ability to control  
5           their own destinies, to be responsible adults. They're  
6           my age. We're all the same, you know, age. They are  
7           capable of being themselves. And instead, they want to  
8           act in a -- they've gone from being caring, loving,  
9           nice people to being rather mean-spirited. And they  
10          make allegations that NXIVM uses litigation to crush  
11          people and dissidents. That's untrue. There's been no  
12          evidence of that.

13                      If you were to search through WestLaw, you  
14          wouldn't see any evidence of that, of NXIVM doing  
15          anything like that. NXIVM's first lawsuit was against  
16          Rick Ross in 2003. It's still pending. It has to do  
17          with the theft of trade secrets. It's going to trial.  
18          NXIVM doesn't bring actions to crush dissidents. It  
19          just doesn't happen.

20                      And what really bothers me is the sly  
21          deceptions that NXIVM has to put up with here.  
22          Ms. Woolhouse stands here and gives detailed  
23          recollection of the third day of her three-day video.  
24          When I try to get information from her on the stand,  
25          she said she could not remember a thing. She suffered



1 from Post-traumatic Stress Syndrome, that she was  
2 diagnosed as such. And yet, we're favored with the  
3 argument about what Keith Raniere was telling her and  
4 not telling her.

5 And so, you know, I just want to stick up for  
6 my client today. And that is it's not an evil,  
7 manipulative organization. They make money. It's not  
8 a cult. It's not anything like Scientology. Not to say  
9 that Scientology is bad. It just isn't Scientology.  
10 It's not a religion. It just makes money. It's got a  
11 successful leader at its helm who's a capable man.  
12 They've got capable other people in charge as well.  
13 And they've got a lot of capable people running the  
14 company at various locations. And Dones is one of  
15 them.

16 It's now time for her to honor her  
17 agreements. And we wouldn't have been here if upon  
18 demand she boxed up everything and just sent it to us  
19 and said, I don't have anything more. There's nothing  
20 more to give. She didn't do that.

21 Thank you, Your Honor.

22 Oh, and on the attorney fees issue, we've  
23 submitted that supplemental brief on the first day of  
24 trial that explains the New York standard for  
25 attorney's fees. I don't know if it's different from

1 Washington law, but attorney's fees are -- it's  
2 mandatory that the Court consider attorney's fees as an  
3 award. The Court can't abrogate its duty not to  
4 consider it. But the award of attorney's fees is  
5 discretionary. And we'd like to --

6 THE COURT: You're talking about under the  
7 contract.

8 MR. CROCKETT: Under the contract, yes.

9 Thank you, Your Honor.

10 THE COURT: Thank you. All right. Thank  
11 you, counsel and Ms. Dones and Ms. Woolhouse. My  
12 intent is to get out a written ruling in this case by  
13 October 21st 2011. And I'll get a ruling out, and then  
14 based on that ruling, we'll prepare a judgment to the  
15 extent necessary.

16 Are there any questions?

17 MR. CROCKETT: No, I don't think so, Your  
18 Honor.

19 THE COURT: All right. Court's in recess.

20 \* \* \* \* \*

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

ROBYN OLESON FIEDLER certifies that:

The foregoing pages represent an accurate and complete transcript of the entire record of the digitally-recorded proceedings before the HONORABLE BRIAN D. LYNCH presiding, in the matter of NXIVM v. DONES and WOOLHOUSE; and

These pages constitute the original or a true copy of the original transcript of the proceedings.

Signed and dated this 5th day of December, 2011.

by |s| Robyn Oleson Fiedler  
ROBYN OLESON FIEDLER,  
Certified Court Reporter.

1 UNITED STATES BANKRUPTCY COURT  
2 WESTERN DISTRICT OF WASHINGTON  
3 AT TACOMA

---

4 In re: )  
5 SUSAN FAYE DONES, ) No. 10-45608  
6 Debtor. )  
7 )  
8 NXIVM CORPORATION, a Delaware )  
corporation, )  
9 Plaintiff, )  
10 vs. ) No. 10-04338  
11 SUSAN FAYE DONES, )  
12 Defendant. )  
13 )  
14 NXIVM CORPORATION, a Delaware )  
corporation, )  
15 Plaintiff, )  
16 vs. ) No. 10-04339  
17 KIM MARIE WOOLHOUSE, )  
18 Defendant. )

---

19 TRANSCRIPT OF THE DIGITALLY-RECORDED PROCEEDINGS  
20 BEFORE THE HONORABLE BRIAN D. LYNCH  
21 SEPTEMBER 21, 2011, a.m. session

---

22  
23  
24 Reported by: Robyn Oleson Fiedler  
25 CSR #1931

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

For the Plaintiff:

MR. ROBERT D. CROCKETT  
Attorney at Law  
LATHAM & WATKINS LLP  
355 South Grand Avenue  
Los Angeles, CA 90071  
Phone: 213-891-8254  
bob.crockett@lw.com

and

MS. TIFFANY SCOTT CONNORS  
Attorney at Law  
LANE POWELL PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101-2338  
Phone: 206-223-7267

Pro Se:

MS. SUSAN FAYE DONES  
MS. KIM MARIE WOOLHOUSE

EXAMINATION INDEX

EXAMINATION BY:	PAGE NO.
DONES - Continued Direct Examination by Ms. Woolhouse	4
DONES - Cross-Examination by Mr. Crockett	27
BRONFMAN - Direct Examination by Ms. Dones	43

1                   DIGITALLY RECORDED IN TACOMA, WASHINGTON

2                   SEPTEMBER 21, 2011, a.m. session

3                   --ooOoo--

4

5                   THE COURT: I postponed ruling on the offer  
6 of Exhibit 24 by the plaintiff. I've reviewed the  
7 matter, and I'm going to allow it in, admit P-24. I  
8 believe it's authentic under 901(b)(4), evidence rule  
9 901(b)(4), based on its characteristics.

10                  So with that, I think, Ms. Dones, you may --

11                  MS. DONES: Your Honor, I'd just like my  
12 objection to go on the record in regards that we still  
13 don't have --

14                  THE COURT: Well, I think you already  
15 objected. That's why I had to take a look at it. So  
16 your objection is on the record. Don't worry.

17                  MS. DONES: We still don't have proof that  
18 these were legally obtained.

19                  THE COURT: In any event, I've ruled.

20                  So you may take the witness stand -- when we  
21 concluded yesterday, Ms. Woolhouse was examining you.

22                  Go ahead, Ms. Woolhouse.

23

24

25

1 DIRECT EXAMINATION (Continued)

2 BY MS. WOOLHOUSE:

3 Q So I'd like to refer to Exhibit 28 first.

4 THE COURT: This is Plaintiff's 28?

5 MS. WOOLHOUSE: Correct.

6 Q (By Ms. Woolhouse) So why did you write this to Nancy  
7 Salzman?

8 A This email was written in an assignment that Nancy  
9 Salzman had given me to work on my relationship issues  
10 and my attachments issues. And so she asked me to do  
11 some journaling and to write her an email about my  
12 discoveries in regards to that. Which is very common  
13 for NXIVM to task you with such things in order to work  
14 what they perceive is your issues.

15 Q So did you feel rejected by Nancy Salzman?

16 A Not at all. Not at all. I think Nancy and I were in a  
17 really good place in regards to the whole matter around  
18 this issue. And I think that there was some confusion  
19 early on. In my time in NXIVM, my experience was Nancy  
20 would do a flirtation kind of thing. And it would  
21 amount to -- we would be in her car going somewhere,  
22 and she'd reach over and, knowing that I was a lesbian,  
23 she's reach over and she'd rub my leg, and she'd say  
24 things like, you know, if we're ever going to have sex,  
25 Susan, then this would have to remain confidential

1           because I'm the Prefect. And I would say, you know,  
2           One, I'm in a relationship and, Two, I'm not even  
3           integrated enough or emotionally mature enough to have  
4           this conversation. There WAS a lot of stuff around  
5           relationships in NXIVM where --

6                       MR. CROCKETT: Your Honor, this is really  
7           scurrilous, and I would move to strike it.

8                       THE COURT: Well, I think it was introduced  
9           by you, Mr. Crockett. It wasn't introduced by them.  
10          You obviously thought somehow it impugned Ms. Dones'  
11          motives with respect to revealing information. And  
12          she's offering some counter-explanation. So I'm going  
13          to overrule your objection.

14                      But I don't want to go too far afield,  
15          Ms. Dones. I think you've made your point about what's  
16          going on. So at some point I'll cut it off. But I  
17          think it was introduced by the plaintiff, so I'm not  
18          going to cut you off yet.

19                      MS. DONES: Thank you, Your Honor.

20    A       (Continuing) There was a lot of conversations around  
21          monogamous relationships being ownership. So there's  
22          conversations about the fact that I was in a  
23          relationship, a long-term monogamous relationship and,  
24          like, if we played tennis, would that take anything  
25          away from your relationship with Kim. And of course it



1           wouldn't. And then she said, well, if you're having  
2           sex with somebody else, does that take anything away  
3           from your relationship with Kim.

4                       And so early on there was a lot of flirtation  
5           going on. And based on my limitations, I believed that  
6           Nancy was attracted to me. However, I never had any  
7           intent to ever leave my relationship, break my monogamy  
8           commitment in my relationship. But she had continued  
9           to ask me about these things. And so, I mean, even in  
10          this letter she states, I didn't want you to go back  
11          home without me all over you.

12    Q     What did you feel about that?

13    A     I was embarrassed. I mean, I was embarrassed by that.  
14           And the mere fact that I was embarrassed by that, her  
15           comment was, You really need to work these issues,  
16           because you know, you shouldn't be owned in a  
17           relationship. And so that's what this whole journaling  
18           was about and this whole letter was about. I was by no  
19           means felt rejected by Nancy, that I was angry at her  
20           because she didn't return my affections or anything  
21           like that. I mean, I had no intent to be in a  
22           relationship with Nancy Salzman.

23    Q     So do you feel you really were working your  
24           relationship issues under her guidance?

25    A     Yes.

1 Q Okay. So why did you leave, then? Why did you leave  
2 the company?

3 A I left the company because there were things that I  
4 discovered that were going on outside of the training  
5 in regards to personal behavior that didn't fit within  
6 my morals or my ethics. And based on that, I didn't  
7 believe that I could continue to be a participant in  
8 the company, and I didn't believe that I could continue  
9 to sell their curriculum.

10 And so, I mean, I knew when I left I was  
11 going to lose everything, based on the fact that I had  
12 gone into substantial debt to build a NXIVM training  
13 facility in the Pacific Northwest.

14 Q Okay. So who originally told you about the commodities  
15 losses?

16 A Nancy Salzman.

17 Q And when did she tell you this?

18 A A couple years before we left. I was at her house; she  
19 was upset. And I asked her, I said, what's going on.  
20 And she was sitting down. She put her head in her  
21 hands and she said, We're taking a beating in the  
22 commodities market. And I said, I don't even  
23 understand. What are you talking about? And she said  
24 that Keith was involved in commodities. He had a  
25 formula that he was testing out in the commodities

1 market, and that they had lost millions of dollars, and  
2 they believed that Edgar Bronfman, Sr., Clare  
3 Bronfman's father, was manipulating the market so to  
4 make Keith look bad so his daughters would leave the  
5 cult.

6 MR. CROCKETT: Objection, irrelevant. Move  
7 to strike.

8 THE COURT: I'm going to grant the motion to  
9 strike that last sentence.

10 Ms. Dones, Ms. Woolhouse, remember, this is  
11 about a preliminary injunction -- excuse me, a  
12 permanent injunction against you disclosing any  
13 information about NXIVM. The underlying issue is the  
14 permanent injunction and, obviously, the denial of  
15 discharge. I realize [inaudible] fairly far afield  
16 with these things. But from the Court's perspective,  
17 I'm trying to stay focused on the big issue, which is  
18 whether or not to grant a permanent injunction against  
19 the two of you.

20 MS. WOOLHOUSE: All right. My apologies.  
21 I'd like to refer to Exhibit 27.

22 THE COURT: There is Plaintiff's 27?

23 MS. WOOLHOUSE: Yes, correct, P-27.

24 Q (By Ms. Woolhouse) When you got this email, what did  
25 you do?

1     A     I did nothing about this email in regards to this.  And  
2           I didn't know anything -- the only thing that I knew  
3           about Gaelen was that I was at a training and Barbara  
4           Jeske had mentioned -- stood up in front of the  
5           classroom and mentioned that a friend of her's daughter  
6           had passed away -- and I can't remember the exact thing  
7           -- but had passed away, and they had this child they  
8           couldn't care for.  And they had asked Barbara Jeske to  
9           take this child in --

10                   MR. CROCKETT:  All personal, irrelevant  
11           matter.

12                   THE COURT:  I'm going to grant the motion and  
13           strike the portion that -- the last two sentences.  The  
14           important thing is that you didn't do anything in  
15           response to this email.

16     Q     (By Ms. Woolhouse)  What relevant information could you  
17           have given to CPS?

18     A     Nothing.  I knew nothing about -- all I knew is is that  
19           Gaelen was under the care of Barbara Jeske.  I didn't  
20           even know that Ms. Keeffe was the mother, which I found  
21           shocking.  It's like why would they tell us a story --  
22           why didn't they just tell us that Kristen had a baby or  
23           adopted a baby.  I mean, why go through the whole  
24           Barbara Jeske thing.  So I found myself very confused  
25           about the whole matter.  And so when I received this

1 email, what I did was I turned it over in discovery.

2 Q Okay. I'd like to go to P-13. And I'd like to refer  
3 to the first sentence in the first paragraph. I'm  
4 sorry. In the first paragraph, it's about the fourth  
5 sentence. "If NXIVM comes after you, I will sign a  
6 document that you had no knowledge of this and were not  
7 included in my email list, if they ask who I sent it  
8 to." What was your intent in writing this statement?

9 A My intent was that I understand that Barbara Bouchey  
10 was in bankruptcy court, and NXIVM had filed similar  
11 claims against her that they had me. And I knew that  
12 Barbara Bouchey had a copy of a video. So once I sent  
13 the video out to the group of people that's on the next  
14 email over, I believed that if that ended up going  
15 public, if somebody betrayed my trust in sending them  
16 that link, that if it went public, that they would take  
17 Barbara Bouchey to court and say that the video -- that  
18 she had done the video. And I wanted to make sure that  
19 if that did indeed happen, that I would testify that  
20 Barbara wasn't the one who was responsible for the  
21 email or the link.

22 And that's indeed what happened, is they  
23 brought her into court, and they tried to blame her for  
24 the video. And it was this email that showed the judge  
25 that Barbara Bouchey was not responsible for this,

1           because they at that point had attempted to get a TRO  
2           and a permanent injunction against her based on the  
3           video getting out. And so I felt like if it did go  
4           public, that I needed to step up to the plate and be  
5           responsible so that she didn't get punished for  
6           something that I had done.

7    Q       So your intent was honorable and to be responsible for  
8           what you had done?

9    A       My intent was for her not to get blamed for something  
10           that I had done, and that I would testify to that in  
11           court, if need be, so that she wouldn't be, you know,  
12           accused of something that she had no part in.

13   Q       Okay. I'd like to refer to P-9. So in this exhibit,  
14           there's around underlying sentence. "We can go over  
15           all the modules and ethos." Can you explain why you  
16           wrote that?

17   A       Well, at the time I thought that maybe it would be good  
18           for our friends to get together. I mean, we paid for  
19           the curriculum and stuff like that. But upon further  
20           reflection of this, I felt that it might be a violation  
21           of our confidentiality agreement. So I suggested -- I  
22           told people that we weren't going to do that, that we  
23           weren't going to use NXIVM's materials because we had  
24           all signed confidentiality agreements and that that  
25           might be misappropriation of their materials. And so

1           that event never took place.

2   Q    Okay.  So did you go over any ethos modules after you  
3           resigned?

4   A    No.  I haven't touched their materials except to return  
5           them.

6   Q    Have you ever used any NXIVM curriculum since you left?

7   A    No, not personally or professionally.

8   Q    Okay.  I'd like to go to Exhibit P-14.  On page 2, the  
9           second to the last paragraph.

10                   MR. CROCKETT:  Exhibit 14?

11   Q    (By Ms. Woolhouse)  So out of the whole three-day  
12           video, why did you release only this small excerpt?

13   A    Well, I didn't really release it.  I mean, I'm not  
14           really sure what you mean by release.  But what I had  
15           done is that after leaving NXIVM, I did a lot of  
16           research, because I believed that I had been lied to  
17           about a number of things.  And I found a lot of things  
18           that really concerned me about the nature of things  
19           that went on and possible illegal actions that NXIVM  
20           had taken.  I knew that if I was ever called into an  
21           investigation, that those things could be harmful to  
22           NXIVM.

23                   And when -- after the third day of the  
24           meetings that took place, we got together, the group of  
25           the nine of us.  I don't know for sure all nine of us

1        were there. But we got together and we were watching  
2        the third day of the video. And when it came to the  
3        part of the video where Keith said, I've had people  
4        killed, that shocked me. And it concerned me.

5                I rewinded the video three times and went  
6        through that. Because my understanding of Keith is  
7        he's very clear with how he communicates. And because  
8        I had found out things that I believed were kept secret  
9        from the community as a whole, I was very concerned  
10       about that. And then I had taken some action on an  
11       event that I believe involved illegal activity, and I  
12       actually turned that evidence over. I was afraid that  
13       if that ever got out, that I didn't know what would  
14       happen.

15               And so when I sent this out, I sent it out to  
16       a small group of people that I believed that I could  
17       trust, that if anything happened to me or somebody who  
18       NXIVM considered an enemy, that that part of the video  
19       could be taken to the authorities in regard to having  
20       what might seem like an accident fully investigated.  
21       And in doing that, I did try to employ to people as  
22       best as I could, I said, "It is intended to be viewed  
23       by the addressees. Please do not distribute this to  
24       anyone unless something happens to someone who is  
25       profiled as a NXIVM enemy. It contains sensitive



1 information and is only meant for the intended  
2 recipient. If you have received this letter and the  
3 link to the video in error, please delete it  
4 immediately."

5 Q So this wasn't a destructive act; it was more of a  
6 self-preservation act?

7 A I believed NXIVM was going to harm me. And I believe  
8 that no confidentiality agreement protects anybody from  
9 possible illegal activities.

10 Q So was your intent ever to harm NXIVM?

11 A No. My intent was -- I felt like I could be harmed,  
12 and my intent was to try to protect myself if indeed  
13 that did happen.

14 Q Do you know, has this email gone beyond this group?

15 A My understanding is it is. It showed up in the New  
16 York Post a few days later. And so obviously somebody  
17 on the list betrayed my trust.

18 Q So do you know who released this beyond the group that  
19 you sent it to?

20 A I don't have any idea.

21 Q Okay. Did you ever print or save an attached NXIVM  
22 student list from the NXIVM intranet?

23 A No, never. I would never have a reason to --

24 THE COURT: What was the question again?

25 Q (By Ms. Woolhouse) Did you ever print or save an

1 attached NXIVM student list from the NXIVM intranet?  
2 There was an exhibit that had this --  
3 A (Continuing) No, I would have no reason to attach -- I  
4 had my own student list of the students that were local  
5 to the Tacoma center. We had worked hard to develop  
6 that database so we could stay in contact with our  
7 students. And I would never have had any reason to go  
8 in and print out an intranet list of coaches and  
9 students and things like that. Because while I was in  
10 NXIVM, I always had access to that. I could just go in  
11 and log in, and I could be at the intranet.  
12 So when these things started showing up on  
13 the blog, that concerned me. Because I didn't  
14 understand how they were getting there, for one, and  
15 two, I believed that I was going to be blamed. I  
16 believed that Barbara Bouchev was going to be blamed.  
17 Because we had been profiled as enemies of NXIVM. So I  
18 believe that they'd try to convince a court of anything  
19 that they can to try to destroy us.  
20 Q When did you lose your ability to access the NXIVM  
21 intranet?  
22 A As soon as we resigned.  
23 Q April of 2009?  
24 A April of 2009. And some of the stuff has showed up on  
25 the Saratoga in Decline blog. There's people on this

1 list that I didn't even know, people in Guatemala. I  
2 mean, when I was in, I knew that they were starting to  
3 develop a student base in Guatemala, but I had never  
4 met any of those people.

5 Q So do you hypothesize those are newer students or more  
6 current students?

7 A I don't know if they're newer students, but they're  
8 students that I wouldn't know. I wouldn't have any  
9 access of knowing them. The gentleman that has the  
10 blog has mentioned several times on the blog that  
11 there's an insider inside of NXIVM who is giving him  
12 this information.

13 Q Did you ever give a NXIVM student list to anyone since  
14 you resigned?

15 A No.

16 Q Do you have an intent to harm NXIVM?

17 A No. My intent is not to harm NXIVM.

18 Q Do you have any intent to release NXIVM trainings,  
19 materials, intellectual property, trade secrets or  
20 proprietary information?

21 A My intent is not to do that. And I think had that been  
22 my intent, it would have already happened. The only  
23 thing that I have released to a small group of people  
24 is a portion of a tape that was never defined as  
25 NXIVM's material, and it was just in order to protect

1           myself. Other than that, I've maintained all of their  
2           material in safekeeping. Their coach notes, their  
3           student notes, their DVD's, all of that stuff has  
4           remained in safekeeping.

5                     And I tried several attempts to work out an  
6           agreement with NXIVM to return their stuff. And even  
7           in this particular case when it was discovered that I  
8           found electronic versions, I said as soon as the Court  
9           gives me permission, I will delete that stuff. I  
10          believe NXIVM doesn't want me to not have their  
11          materials. I think they want me to have their  
12          materials, because then they can pull stunts like this.  
13          And I think that in the future, they want me to have  
14          that material so that if it is leaked, they can just  
15          torture me and drag me back into court.

16   Q     Do you have any intent to release the three-day video?

17   A     No. I've offered to give it back. I've offered to  
18          give them an injunction.

19   Q     Did you purposefully keep the NXIVM electronic  
20          materials?

21   A     No. I didn't even know it existed.

22   Q     Have you ever refused to return any of NXIVM materials?

23   A     Never. I've actually attempted several times to work  
24          out with the attorneys for the return of their  
25          materials. And then I also suggested that one -- Wendy

1       Rosen Brooks, the head student in the Pacific  
2       Northwest, come to the center and pick up the  
3       materials. Or Sean Craney, who is a local, well  
4       respected coach. Or Shawn Malbowden [phonetic], who  
5       was actually running the Seattle center. I suggested  
6       to the attorneys, why doesn't somebody just come and  
7       pick those up. When I offered the local staff here, to  
8       drop them off, their response was we can't accept them.  
9       You have to work through NXIVM.

10    Q    So what's the time frame, and how often did you attempt  
11       to get the NXIVM materials returned?

12    A    Well, I provided that as evidence in my preliminary  
13       injunction, that there were several attempts with  
14       several of NXIVM's attorneys in New York to return  
15       their materials.

16    Q    Is that over a several month period?

17    A    Yes, over a several month period. And there would be  
18       months that I wouldn't hear back from them, and then I  
19       would contact them again and say, you know, what's the  
20       status of this. I wanted to make sure that when I  
21       returned the materials, they were inventoried, which  
22       NXIVM refused, which then caused us to work out an  
23       agreement with our bankruptcy attorney to take the  
24       materials, turn them over to him and have him inventory  
25       them.

1                   Because my fear was that if they weren't  
2           inventoried, NXIVM would say, well, you didn't return  
3           the DVD's. You didn't do this; you didn't do that.  
4           And so I wanted to make sure that there was a trail of  
5           evidence in regards to the turnover of their materials.  
6    Q    So did you find it interesting that, as careful as they  
7           claim to be about keeping their materials safe, that  
8           they weren't willing to work with you in getting those  
9           back to them?  
10   A    I found it very interesting. If it was my business and  
11           it was my intellectual property, I would have had  
12           somebody there to pick it up. I would have not let it  
13           -- I would have not let an affiliate keep my materials.  
14           I would have showed up. I would have said -- I would  
15           have either showed up with an agreement to do that, or  
16           I would have gotten a court order to get that stuff  
17           turned over.  
18   Q    Okay. Did you have any knowledge of the materials  
19           still in your possession?  
20   A    No, I didn't. I was looking at that computer. I  
21           pulled two computers out that we don't use any more and  
22           was going through them, because they were asking for me  
23           to produce evidence that I even helped build the  
24           Vancouver, Canada region. And so I was looking for  
25           that information and found those electronic files. And

1 I did what I believed was the right thing. I turned  
2 them immediately over to NXIVM. And we were going to  
3 be in court in a couple of days, and I immediately  
4 informed the Court that I found those and that I would  
5 destroy them once given permission. I was afraid that  
6 if I wiped them off their hard drive --

7 It's hard, because it's like no matter what  
8 you do, they find something wrong with it. So if I  
9 wiped it to off my hard drive, then they would tell the  
10 Court that I destroyed evidence. And if I don't wipe  
11 it off my hard drive, then they can hang that over my  
12 head in regards to getting the permanent injunction.

13 Q So why did you turn them over and notify and advise the  
14 Court?

15 A Because it was the right thing to do. I think if my  
16 intent was really to keep their materials, I wouldn't  
17 have turned them over. There would have been no -- I  
18 would have hid them.

19 Q So do you believe you need permission from the Court in  
20 order to delete those files?

21 A I believe I do. And if they give permission, I'll go  
22 home tonight and wipe everything and come in and swear  
23 that I did that, tomorrow.

24 Q Do you see any downside to a Court-ordered injunction  
25 regarding the NXIVM materials?

1     A     Well, I think there's two downsides. One is that I  
2           don't know how that affects me in regards to  
3           employment. I feel like just filing for bankruptcy has  
4           lessened my ability to get certain jobs. When I was in  
5           the military, I had a top secret security clearance. I  
6           could never get that back because I've filed for  
7           bankruptcy, which leaves out a lot of potential  
8           government jobs for me. And I think that in the  
9           private sector, if somebody was to do a background  
10          check on me and they find that I have a permanent  
11          injunction and that job involves any kind of  
12          proprietary information, why would they hire me?

13                 And two, I think the downside is is that  
14          NXIVM -- I don't trust NXIVM to not use that as a  
15          weapon against me, and that if materials are released  
16          by anybody who might have access to them, that they'll  
17          haul me back into court and put me through exactly what  
18          they've put me through for the last year.

19                 Other than that, I think a permanent  
20          injunction, the way it was written up that I offered to  
21          the Court, actually protects me from them doing that.

22     Q     Do you believe NXIVM will go to any lengths to destroy  
23           you?

24     A     I believe that it tell. I don't think that this is the  
25          last legal round with them. I think they're preparing



1       some other kind of lawsuit, you know, like maybe what  
2       they did with Toni Natalie, 200 and some odd claims  
3       against her, criminal behavior that was unfounded. But  
4       she still had to defend herself. So I don't believe  
5       they're through with me. I left. I defected. And my  
6       understanding is is that if you do that and you have  
7       information that could possibly substantiate illegal  
8       activity, that they'll go to the ends of the earth to  
9       destroy you.

10    Q    So what do you base this on?

11    A    Just history. I mean, if you'd stop and just take a  
12       look at all of NXIVM, in their members' litigation,  
13       they're litigious. I mean, they came into this case  
14       making all kind of claims that we spent months working  
15       on how we were going to defend ourselves, and in the  
16       final moments they'd pull out and say, we don't want to  
17       prove that. I mean, I couldn't work but on the  
18       weekends.

19    Q    So when did you discover this history?

20    A    After I left. When I left NXIVM, I felt so stupid.  
21       It's like, I'm very well educated, and I think I'm kind  
22       of street savvy. And I just couldn't believe how I  
23       couldn't -- how I could be so lied to and not see this.  
24       And so when I left, it was like I wanted to figure that  
25       out, like how could this have happened to me. So I

1           started doing a lot of research, and I started digging  
2           into legal cases that I believed I was lied to when I  
3           was in NXIVM. I just believed them when they said, oh,  
4           this person is a thief, this person is this, this  
5           person is that. And then I would dig into that. I  
6           would find that they would make all kind of allegations  
7           and lose the case.

8    Q       I'd like to go to Exhibit P-12. So were there  
9           attachments to these emails?

10   A       Yes. And I printed out every single attachment and I  
11           gave it to them, because I believed that that was a  
12           part of my discovery responsibility.

13   Q       So the attachments were not produced as part of these  
14           exhibits?

15   A       They were. I produced every single attachment.

16   Q       Okay. So in developing your work product, did you ever  
17           label the files with NXIVM on them?

18   A       Of course. I did that as a part of NXIVM. Every file  
19           I did -- like there's one in here that talks about  
20           Belfast. I was the head trainer at that training. And  
21           of course I had my own work product from that.

22   Q       Okay. I'd like to go to Exhibit P-37. Oh, sorry. I  
23           think this might be our Exhibit 37.

24   A       We don't have a 37.

25   Q       Sorry. I am not sure. I apologize. I wrote the wrong

1           number down.

2                       THE COURT:  You can always refer to your

3           exhibits.

4   Q    (By Ms. Woolhouse)  So this was -- yesterday you said

5           you were a coach for about six months?

6   A    Oh, that was their --

7   Q    It was the very first opening question, I --

8   A    It was my deposition.  They submitted my deposition.

9                       THE COURT:  Are you referring to the

10          deposition, Ms. Woolhouse?

11                      MS. WOOLHOUSE:  Yes.  I'm sorry, I don't --

12                      THE COURT:  Do you know the page?

13   A    You can just ask me a question.

14   Q    (By Ms. Woolhouse)  Okay.  I'm sorry.  Yesterday you

15           said you were a coach for about six months.  But also,

16           in your preliminary injunction hearing, you said you

17           were a coach for nine years.  Why the discrepancy?

18   A    Well, coach has two connotations in NXIVM.  There's the

19           rank of coach -- and I had the rank of coach for about

20           six months before I was promoted to the rank of

21           proctor.  And then in NXIVM, you're assigned people to

22           coach.  And in regards to that, you're considered a

23           coach because you're coaching people.  I was actually a

24           coach for NXIVM for approximately nine years.  So

25           there's a discrepancy in regards to -- if you ask me

1           how long I was a coach and I answer six months, it was  
2           in regards to how long I was a coach, the rank of  
3           coach. If you ask me how long I coached people, which  
4           is called a coach, then that was nine years. And so  
5           both answers are correct, depending on what the premise  
6           of asking that question is.

7    Q    Okay. Did you release any of NXIVM's trade secrets or  
8           materials to Vanity Fair?

9    A    No. Nor do I believe that there's any trade secrets or  
10          intellectual properties or anything in that article.  
11          The article is mostly about the Bronfmans and how  
12          they've lost millions.

13   Q    Have you ever been on a call with any ex-NXIVM members?

14   A    Yes.

15   Q    So what's the intent of the calls?

16   A    Well, the ex-NXIVM members that I stay in contact with  
17          are people that have been what I would label as  
18          persecuted by NXIVM through the legal system. And it's  
19          very common for people who experience the same kind of  
20          trauma like that to bond together. And so we spent --  
21          like if I have a really bad day, somebody's not having  
22          that same bad day, and they can kind of help pull me  
23          out of that and visa versa. And we've become very good  
24          friends.

25                    Like I'm probably the closest with anybody

1           against -- with Toni Foley, who's actually Keith  
2           Ranieri's ex-girlfriend. I mean, I know everything  
3           about -- I mean, I know about Toni's son. I know he's  
4           in college. I know she has three birds and two dogs.  
5           She's got an elderly dog. I mean, we talk about things  
6           other than what NXIVM has tried to testify that we do.  
7           They say that we talk all the time and our intent is to  
8           harm NXIVM.

9                       Really our intent is that we just all want to  
10          move on with our lives, and we want NXIVM to stop  
11          dragging us through the legal system. I mean, it's  
12          their dragging us through the legal system that stuff  
13          gets filed. And they say that our intent to file that  
14          is to get it publicized. I don't want to be known as  
15          the stupid farm girl who got sucked into a cult. I  
16          want to move on with my life. It's about educating the  
17          judge about what's going on. Because they come in like  
18          they're this clean, multi-million dollar company, and  
19          we're some heretic.

20                      So it's about educating the judge about  
21          really, truly what's going on, so that I'm not burned  
22          at a stake when I leave here.

23                      MS. WOOLHOUSE: No further questions.

24                      THE COURT: Mr. Crockett?

25                      MR. CROCKETT: Yes, thank you, Your Honor.

1

2

CROSS-EXAMINATION

3

BY MR. CROCKETT:

4 Q

Could you open to Plaintiff's Exhibit 28, please? When it became apparent that you were telling people that you had some sort of flirtatious lesbian relationship with Nancy Salzman, she got upset, right?

8 A

I can't speak for how Nancy's emotional state was in regards to that.

10 Q

You felt you had damaged her by your falsehoods, right?

11 A

Well, that's one thing that NXIVM does a lot of, is they talk about internal representation --

13 Q

I got it. Did you feel you had damaged her for your falsehoods?

15 A

I believe that when you tell anybody anything about something, that you affect their internal representation. That's what NXIVM teaches.

18 Q

Do you think you damaged her with your falsehoods?

19 A

No. In the grand scheme of things, I don't believe so. I believe what I was brownbeaten about this for years. And I was -- and the thing is is that they browbeat me for years over this and about how --

23

MR. CROCKETT: This is non-responsive. It's just filibustering, Your Honor.

25

MS. DONES: That's okay. We'll cover it when

1 I get back on the stand.

2 THE COURT: I'm not going to strike anything  
3 more. But that's enough, Ms. Dones.  
4 Go ahead, Mr. Crockett.

5 Q (By Mr. Crockett) Let's turn to page 3 of your email.  
6 MS. DONES: Your Honor, I don't know how this  
7 is relevant --

8 THE COURT: Ms. Dones, let him finish the  
9 question. If you want to object to the question, I'm  
10 going to allow you the extraordinary ability of a  
11 witness who's a party to raise her own objection. But  
12 you have to wait for Mr. Crockett to finish the  
13 question so I can determine whether or not the question  
14 is objectionable.

15 MS. DONES: Okay.

16 THE COURT: Go ahead, Mr. Crockett.

17 Q (By Mr. Crockett) Let's go three paragraphs up from  
18 the bottom of the third page, the paragraph that begins  
19 with, "What is important". Do you see that?

20 A Yes.

21 Q Could you just read the sentence that begins with, "I  
22 am clear", and then all the way down to the sentence  
23 that ends with "reality behavior". Go ahead, please.

24 A "I'm clear that you're not a lesbian and that you're  
25 not attracted to me in any way. And I believe that my

1 sharing my delusions with others has affected you. You  
2 brought this up in our meeting with Ya [phonetic], and  
3 you were upset about this.

4 Q Keep going.

5 A "I caused harm for you in how I dealt with it. I am  
6 truly sorry that you had to deal with the affects of my  
7 out-of-reality behavior. I'm sorry, that I'm sending  
8 you this" --

9 Q And that's fine. Continue on to the next page, the  
10 very first full sentence --

11 MS. DONES: Your Honor, I would like to  
12 object. I don't know how this deals with NXIVM's  
13 claims against us. This is just dragging me through  
14 the mud.

15 THE COURT: What is the relevance of this,  
16 Mr. Crockett?

17 MR. CROCKETT: It just goes to show that she  
18 has created this fiction of delusion where she wants to  
19 hurt people. And this is one example of where she got  
20 up on the stand and she said this was an email that was  
21 sent at Nancy's request. She's already said, under  
22 oath, that she didn't think she was upset, and Salzman  
23 was upset. She didn't think that there was a damage.  
24 This goes to impeach --

25 THE COURT: And how -- so it's impeaching her



1           and her motives.

2                   MR. CROCKETT: Right.

3                   THE COURT: And how does that relate to the  
4           injunction again?

5                   MR. CROCKETT: It shows that she has a motive  
6           to injury NXIVM. And for that reason, we need a really  
7           solid injunction.

8                   MS. DONES: Your Honor, I would like to  
9           object. There's no link. I mean, this is all hearsay.  
10          He's inferring, once again, as to my intent.

11                  THE COURT: He's implying, but he can imply  
12          -- he can impeach your motives with respect to why you  
13          did what you did with respect to NXIVM. So I think  
14          it's appropriate. It's not hearsay. It's your own --

15                  MS. DONES: Well, he's saying that -- he  
16          asked me how Nancy Salzman felt, and I --

17                  THE COURT: I've already decided, Ms. Dones.  
18          You get to make your argument, and then I decide. And  
19          once I decide, then you have to live with my decision.

20                  Go ahead, Mr. Crockett.

21    Q          (By Mr. Crockett) All right. And just one last part  
22          of this letter, this email. The very first sentence,  
23          full sentence of the last page that begins with "So",  
24          could you read that into the record?

25                  MS. DONES: And I'd like to object. Once

1           again, I don't know how this is relevant to NXIVM's  
2           claims against me.

3                       THE COURT:   And I'll overrule your objection.  
4                       Go ahead.

5   A       Okay.   So where are we at?

6   Q       (By Mr. Crockett)   Start with, "So I think".

7   A       I can't find that.

8   Q       The very first sentence on the last page.   First full  
9           sentence.

10  A       "So I think that the way of me working things out for  
11           myself is that it would be a good thing for me to share  
12           with you so that I can begin to heal the damage that I  
13           created for you.

14  Q       All right.   Thank you.   Now, you indicated that you  
15           feared for your life and that's the reason why you  
16           released the three-day video clip; is that correct?

17  A       I was scared that I could possibly be harmed.

18  Q       What is the best piece of evidence that you think you  
19           have which suggests that NXIVM might do you physical  
20           violence?

21  A       I think the best piece of evidence is Keith Raniere  
22           saying, I've had people killed.

23  Q       But can you -- do you have your deposition, the first  
24           volume?

25                       MR. CROCKETT:   If I may approach to see if

1           the witness has it, Your Honor?

2                   THE COURT:   Sure.

3                   MS. DONES:   My deposition is up here.

4                   THE COURT:   Do I have both copies maybe?

5                   MR. CROCKETT:  Yeah, you may have both

6           copies.  It looks like this.

7                   MS. DONES:   And, Your Honor, I don't know --

8                   THE COURT:   My eyesight is not that good.

9                   MS. DONES:   We haven't been given copies of

10           this.  And my understanding is if NXIVM was going to

11           use any depositions in the trial, that they'd provide

12           those to us.

13                   THE COURT:   I'm going to treat that as an

14           objection, and I'm going to overrule your objection.

15           You can use the deposition.

16                   MR. CROCKETT:  It's November 23rd, 2010.

17                   THE COURT:   I'm just looking for something

18           that says Volume 1.

19                   MR. CROCKETT:  That's the one.

20   Q        (By Mr. Crockett)  Can you turn to page 120, Ms. Dones.

21           And have you found page 120?

22   A        Not yet.  Okay.

23   Q        And see line 12?

24   A        Yes.

25   Q        Okay.  I'll read the question, and could you read the

1           answer?

2                       Question, What is the best piece of evidence  
3           that you think you have which suggests that NXIVM might  
4           do you physical violence.

5                       Go ahead.

6    A    It says, The best piece of evidence that I have is my  
7           understanding of the escalation of the cycle of abuse  
8           -- which I was told not to talk about at this  
9           hearing --

10   Q    Wait a minute. Could you just repeat again what the  
11           answer is in the deposition, instead of your  
12           explanation? Just start again.

13   A    Where are we at again?

14   Q    "The best piece of evidence".

15   A    I know, but what page?

16   Q    Page 120, line 15.

17   A    The best piece of evidence that I have is my  
18           understanding of the escalation of the abuse cycle.

19   Q    What does that mean?

20   A    Well, that's when you take somebody who is what  
21           psychologically is considered an abuser, somebody who's  
22           lied and manipulated, especially to woman, and then  
23           does the control stuff that he does, is that it's  
24           unchecked, and that can actually escalate into a cycle  
25           of abuse that is -- could take somebody's life.

1 Q Question, And that's your best basis for believing that  
2 NXIVM would do you physical harm?

3 Go ahead.

4 A I'm scared.

5 Q And that's because you think you believe that -- and  
6 then you say, I mean -- and I say, Let me finish. And  
7 you say, Okay. And then the question is, And so you  
8 believe your physical life is in danger because you've  
9 been told that Keith Raniere has sex with different  
10 woman?

11 Can you read read your answer?

12 A Much is that I think it's the manipulation that takes  
13 place around that. I think it's the manipulation that  
14 takes place within the upper leadership of NXIVM. I  
15 think it's because of the lies and the coverups. I've  
16 been told that -- I've been told that I've found out or  
17 not necessarily the truth. It's how I see how they  
18 treat people within the organization, especially people  
19 who don't know --

20 THE COURT: It's not "don't."

21 MR. CROCKETT: "Kowtow".

22 A (Continuing) -- who won't kowtow to NXIVM's policies in  
23 that regard. And I believe it's based on my studies in  
24 graduate school, that there is an escalation of the  
25 abuse cycle. And I am concerned about that.

1 Q Now, Ms. Dones, what do you think is the biggest  
2 whopper NXIVM has ever told you in terms of a lie?

3 A I think the biggest whopper -- now? Now? Are you  
4 asking me right now? Or when I did this deposition?

5 Q Well, yeah, go ahead and give it to me now. Now that  
6 you've had the chance to see everything and experience  
7 everything, what's the biggest whopper NXIVM has ever  
8 told you?

9 A I think NXIVM lied to me about a verbal agreement in  
10 regards to building a center and the investment  
11 involved in that. And I think that they defrauded me.  
12 They used my credit. And then when I asked for my  
13 value exchange, which they teach, they just sent a  
14 threatening letter threatening criminal and civil  
15 actions. That's the biggest whopper.

16 Q So the biggest lie you've ever heard from NXIVM is some  
17 sort of contract dispute over the construction -- not  
18 construction, but the building of the Tacoma center.

19 A So say you. That's your inference. You're testifying.

20 THE COURT: It actually is a question.  
21 Granted, it's a little bit -- do you want to repeat it,  
22 Mr. Crockett? I don't think she answered your  
23 question.

24 MR. CROCKETT: All right. I'll withdraw the  
25 question.

1 Q (By Mr. Crockett) So in your deposition, let's read  
2 again from page 121, line 21.

3 MS. DONES: I'd like to object to this. One  
4 of the things that was decided is we wouldn't talk  
5 about my psychological studies. So I don't know why  
6 we're going through this. Page 121?

7 THE COURT: Objection is overruled.

8 Q (By Mr. Crockett) 121, line 21. Do you have it?

9 A Yes.

10 Q What do you think is the biggest lie or whopper that  
11 NXIVM has ever told you? Do you want to read it?

12 A I think that probably one of the most damaging lies is  
13 that -- well, a couple of different things. One, lying  
14 about people; one about Barbara Bouchey being a full  
15 suppressive, based on the fact that they teach a module  
16 based on that and telling me she's crazy to influence  
17 how I would be around her. And I think that was used  
18 in a way to keep me away from ever believing anything  
19 that she ever said.

20 I think that's how they've lied about other  
21 people who have left. Everybody that's left, it's  
22 always their fault and nothing within the leadership's  
23 fault. I think they're covering up the fact that Keith  
24 is -- behaves in certain ways that people find morally  
25 and ethically not acceptable are big lies that they've

1 told. I think that Nancy's lying -- or whoever did the  
2 Washington State Department of Revenue about licensing  
3 their program to third-party people, those kinds of  
4 things all lead me to believe that there's a cycle of  
5 abuse that takes place.

6 Q Well, ma'am, when I asked you for the biggest whopper  
7 and lie you ever thought anybody ever told you at  
8 NXIVM, you said that your first example was somebody  
9 called Barbara Bouchey a suppressive. Isn't that just  
10 somebody's opinion about somebody's personality?

11 A Not when it comes from corporate leaders. I don't  
12 think that that's somebody's opinion. I think that  
13 they teach a module that suppresses, are psychopaths,  
14 that they've lost their conscience. And I think for  
15 that to come from a corporate leader to other members  
16 within the corporation is -- it's not right. People  
17 shouldn't do that.

18 Q Well, do you find it interesting that when I asked you  
19 at your deposition for your example of being threatened  
20 and lies and things like that, you never mentioned the  
21 three-day video. You never mentioned the things that  
22 Mr. Raniere supposedly said on the video about having  
23 people killed. Do you find that surprising?

24 A No, I don't find that surprising, not because of the  
25 fact that --



1 Q All right. Let me ask --

2 THE COURT: Okay. The question requires a

3 "yes" or "no" answer.

4 MS. DONES: Isn't that leading?

5 THE COURT: He gets to lead you.

6 MS. DONES: Okay.

7 Q (By Mr. Crockett) Is it correct that you took some

8 NXIVM documents and uploaded them to Google Docs so you

9 could later claim in court that you didn't have

10 possession of them?

11 A No. There was never any NXIVM documents uploaded to

12 Google Docs.

13 Q All right. Can you look at your transcript?

14 A They were court documents that we uploaded and shared

15 with each other.

16 Q Can you look at your transcript?

17 A Yes.

18 Q Page 79, lines 23. Do you have that?

19 A Mm-hmm.

20 Q Question, In other words, when you -- to try and avoid

21 having to ever produce documents to claim and to be

22 able to claim you don't have possession of them, have

23 you ever done things like uploaded documents to

24 internet services like Google Docs?

25 Can you answer?

1 A Yes. No. It says, No.

2 Q Can you answer the question? Can you read the answer?

3 A The answer is, No.

4 Q Can you read the answer in the transcript?

5 A That's what it says. On page 79?

6 Q The answer is on page 80, line 3.

7 A I have uploaded into Google Docs, but not made those

8 available to anybody other than Barbara Bouchey.

9 Q All right. Now, in fairness, the transcript goes on

10 and you say, Well, they're court documents. But what's

11 interesting, at your deposition when I asked you if you

12 did that to avoid detection, you admitted, didn't you,

13 that you had uploaded them to Google Docs?

14 A My understanding was it wasn't any of NXIVM's

15 materials, that we had uploaded court documents to

16 share with each other.

17 Q Now, in response to your prior testimony about demands,

18 could I ask you to turn to page 77, line 20?

19 A Mm-hmm.

20 Q And let's start reading at line 20.

21 Did you ever receive any demands from NXIVM

22 to return their course materials?

23 A And I say, I think I've answered your question.

24 Q Well, just answer "yes" or "no", and then I'll ask you.

25 A But it requires more than that.

1 Q Well, then, I'll go on and ask what you did.

2 A Okay.

3 Q Did you ever receive any demands from --

4 A I did.

5 Q Let me finish the question.

6 A Okay.

7 Q You don't want to go a second day for your deposition,

8 do you? Did you ever receive any demands from NXIVM's

9 lawyers to return their course materials?

10 A I did.

11 Q What is the first date you recall getting such demand?

12 A Sometime in 2010 or 2009.

13 Q No, read verse 1 -- or not verse --

14 A Oh. I don't remember the date.

15 Q 13. Was it sometime in 2010 or 2009?

16 A 2009.

17 Q So in response to that, let's step through that.

18 A Okay.

19 Q Did you immediately box up your materials and send it

20 to the demanding lawyer?

21 A I did not.

22 Q In response to that, did you call the demanding lawyer

23 and say, They're here; you can come and get them.

24 A I did not call.

25 Q Okay. And then you remember at your deposition, I made

1           an on-the-spot offer to go over -- to send somebody  
2           over to your premises to pick up all the documents?  
3    A       And I agreed to that.  
4    Q       But you didn't produce them.  
5    A       You didn't send anybody over.  You didn't arrange for  
6           any of that.  You made this -- you asked this thing and  
7           I said, Absolutely.  You never contacted me after that.  
8    Q       Now, as you recall, Ms. Dones, you demanded payment.  
9           You demanded money.  
10   A       That's not true.  When you asked me that, there was no  
11          demand for payment.  There was no demand for money.  
12                   MR. CROCKETT:  All right.  I have no further  
13          questions.  
14                   THE COURT:  All right.  Ms. Dones, you may  
15          step down.  
16                   Mr. Crockett, do you have any more witnesses?  
17                   MR. CROCKETT:  I'd rest, Your Honor.  
18                   THE COURT:  Okay.  
19                   MS. WOOLHOUSE:  I'm sorry.  Do I get a chance  
20          to -- oh, I don't?  Sorry.  
21                   THE COURT:  Examine, cross-exam, and  
22          rebuttal.  But the plaintiff has rested, so Ms. Dones  
23          and Ms. Woolhouse, you may present your case.  
24                   MS. DONES:  Is it possible to take a quick  
25          break?

1 THE COURT: Let's make it a short break.  
2 Let's be back, by that clock, by quarter till 11:00.  
3 MR. CROCKETT: Your Honor, could I reopen  
4 just briefly, just for another deposition readback?  
5 THE COURT: Sure. Can you just read it into  
6 the record?  
7 MR. CROCKETT: Yes, right now. It's Volume  
8 1 -- or it's the preliminary injunction hearing.  
9 THE COURT: You know, I treat the -- I mean,  
10 if you want to call my attention to it, but I treat the  
11 record on the preliminary injunction as part of the  
12 trial record, I think by rule. So in my mind --  
13 MR. CROCKETT: Okay.  
14 THE COURT: -- the record of the preliminary  
15 injunction is part of the evidence in this trial.  
16 MR. CROCKETT: All right. Thank you, Your  
17 Honor.  
18 THE COURT: Unless you need me to --  
19 MR. CROCKETT: No, that's fine. I can do it  
20 later, Your Honor.  
21 THE COURT: All right. So we'll take a break  
22 till quarter till 11:00 by that clock.  
23 (A break was taken.)  
24 THE COURT: Ms. Dones, Ms. Woolhouse, how  
25 would you like to proceed?

1 MS. DONES: We'd like to call Clare Bronfman  
2 to the stand.

3 THE COURT: Ms. Bronfman, I'm just going to  
4 remind you that you've already been sworn in in this  
5 case, and you're still under oath.

6 MS. BRONFMAN: Yes, Your Honor.

7 THE COURT: Thank you.

8

9 DIRECT EXAMINATION

10 BY MS. DONES:

11 Q Ms. Bronfman, what's your relationship with your  
12 father?

13 MR. CROCKETT: Objection, irrelevant.

14 THE COURT: Sustained. Is there some reason  
15 that --

16 MS. DONES: Yes, I think this goes to the  
17 character of the witness. She yesterday was  
18 name-dropping in regards to her father and his  
19 importance.

20 THE COURT: Sustained.

21 Q (By Ms. Dones) What's your educational background?

22 A I went to school in England up until 10th grade, and  
23 then I went to boarding school in the United States for  
24 10th and 11th grade.

25 Q And do you have any post -- any college education?

1 A No, I do not.

2 Q And prior to coming into NXIVM, did you have any  
3 business experience?

4 A Yes. I had run my own business since I was 17 years  
5 old.

6 Q And what business was that?

7 A Show jumping, equestrian.

8 Q And so you ran all different aspects of that business?

9 A Yes, I did.

10 Q And you testified yesterday to the lengths that NXIVM  
11 goes to keep their materials secure?

12 A Correct.

13 Q Would you just refresh us on their procedures?

14 A Yes. NXIVM uses the intensive, or whichever  
15 application, course application. We have a  
16 confidentiality agreement. We talk about  
17 confidentiality in our mission statement. We talk  
18 about confidentiality and how we request or require  
19 confidentiality in our rules and rituals.

20 Q But beyond that, in regards to --

21 MR. CROCKETT: You interrupted the witness.  
22 Incomplete answer.

23 THE COURT: Let her finish.

24 MS. DONES: Well, my actual -- she's  
25 answering a question that that wasn't the intent of my

1 question.

2 Okay. Go ahead.

3 THE COURT: Go ahead, Ms. Bronfman.

4 A (Continuing) We don't allow anybody into our centers  
5 or around our curriculum or around even humanities  
6 events of a corporate nature unless they've signed a  
7 confidentiality agreement. We have our materials  
8 locked in a proctor room. We have the iPods and the  
9 DVD's locked in a proctor room. And the iPods  
10 themselves have codes on them.

11 Q (By Ms. Dones) So isn't it true that NXIVM tells us --

12 A Can I? There's one more.

13 Q Oh, go ahead.

14 A We also litigate when people try and steal or use our  
15 trade secrets. We litigate to enforce protection of  
16 them.

17 Q Okay. So isn't it true that NXIVM tells the story in  
18 the courts in regards to protecting their materials in  
19 regards to safeguarding it, but it's really just truly  
20 just a story?

21 A Well, my experience is everything that I've said is  
22 accurate and true.

23 Q Okay. Isn't it true that at away intensives that NXIVM  
24 leaves their notes in hotel conference rooms where  
25 employees of the hotel have access to the rooms during



1 non-training hours with no NXIVM member present?

2 A My experience in the intensives is that they put it in  
3 a box and they take it with them.

4 Q Do you have any knowledge of NXIVM not doing that but  
5 actually leaving the training materials in the hotel  
6 conference room?

7 A No, I don't.

8 Q Okay. And isn't it true that Nancy Salzman, the  
9 president of NXIVM, is also suing Continental Airlines?

10 MR. CROCKETT: Objection, irrelevant.

11 MS. DONES: It would be relevant, Your Honor.

12 THE COURT: Well, you have to tell me how it  
13 would be relevant.

14 MS. DONES: Well, Nancy Salzman, the  
15 president of NXIVM, had a laptop that got left on the  
16 airline that was full of NXIVM's -- all of NXIVM's  
17 materials and has never been able to retrieve that  
18 laptop.

19 THE COURT: On that basis, I'm going to  
20 sustain the objection.

21 Q (By Ms. Dones) So is it true that NXIVM materials have  
22 been lost?

23 A Well, to my knowledge, no.

24 Q Okay. Are you familiar with the information that was  
25 on that computer when it was lost?

1 A I have never seen the computer, no.

2 Q Well, are you familiar with the lawsuit?

3 A No.

4 MR. CROCKETT: Objection.

5 THE COURT: Sustained.

6 Q (By Ms. Dones) You've testified that there's only two

7 complete modules on the World Intellectual Property

8 organization website. Which two modules are those?

9 A Parasite Producer One and Good & Bad.

10 THE COURT: I have a hard time hearing you,

11 Ms. Bronfman.

12 A Sorry. Parasite Producer One and Good & Bad, are the

13 two names of the modules.

14 Q (By Ms. Dones) So isn't it true that at the Albany

15 training center, that for years student and coach notes

16 were stored in the front of the training room in an

17 unlocked file?

18 A I cannot testify to that because I wasn't around at the

19 time. I have heard -- which I don't know if you want

20 me to say -- that -- well, I do know that there isn't a

21 time when people are in the building that haven't

22 signed the confidentiality agreement.

23 Q So isn't it true that NXIVM used to store their

24 materials in a file cabinet in the hallway of the NXIVM

25 center where all coaches, ranked and above, knew where

1           the key to those filing cabinets was, by the ice cream  
2           machine?

3    A    I have no knowledge of that.  But like I said, anyone  
4           who walks into our center has signed a confidentiality  
5           agreement.

6    Q    So isn't it true that notes are not always left under  
7           lock and key?

8    A    To my knowledge, notes are always left under lock and  
9           key.

10   Q    Have you ever been in the center when the proctor door  
11          has been open?

12   A    No.

13   Q    And nobody's been in attendance?

14   A    No.

15   Q    Okay.  So when Boston closed their center, isn't it  
16          true that NXIVM did nothing to make sure the return of  
17          their materials took place?

18   A    I don't have any knowledge of what happened at that  
19          time.  I can't imagine that to be true, but I have no  
20          knowledge of that.

21   Q    And isn't it true that Wendy Rosen Brooks keeps  
22          material in her home, NXIVM materials in her home?

23   A    I believe Wendy Rosen Brooks has an iPod that has a  
24          passcode on it because she's a head trainer.

25   Q    And isn't it true that Wendy Rosen Brooks keeps coach

1           and student notes in her home?

2    A    To my knowledge, I don't know.

3    Q    And isn't it true that Wendy Rosen Brooks keeps the

4           coach training curriculum in her home?

5    A    Not to my knowledge. But if she does, it's her home

6           and it's locked.

7    Q    Isn't it true that for years NXIVM taught their Level

8           One training -- their Level One training, where they

9           taught all of NXIVM's technology to all students who

10          took the first 16 days?

11   A    I have no knowledge of that.

12   Q    So how long does someone, on an average, take to learn

13          NXIVM's technology before they become a trainer?

14   A    What do you mean by trainer? Head trainer?

15   Q    Head trainer.

16   A    I think there's currently only three full head trainers

17          in the company. So I think it takes quite a while to

18          become a full head trainer. A number of years.

19   Q    And so can a member of NXIVM who holds the rank of

20          student teach NXIVM's technology?

21   A    No.

22   Q    Because?

23   A    Because we require that you get to a certain level

24          before we teach you the technology.

25   Q    And why is that?

1 A To protect our technology.

2 Q Can a coach teach NXIVM's technology?

3 A Not just a -- in order to learn the actual technology,  
4 you must have two stripes or above.

5 Q Okay. And so so how long --

6 THE COURT: Stripes? Is that what --

7 THE WITNESS: Correct. Sorry.

8 Q (By Ms. Dones) So how does having possession of  
9 NXIVM's student coach notes -- how does Ms. Woolhouse  
10 and I having an electronic file of NXIVM's coach notes  
11 harm NXIVM?

12 A Well, there's -- if you have them and you're adverse to  
13 NXIVM, it's what you do with them that could be very  
14 harmful and extremely damaging to NXIVM.

15 Q And do you have any proof that we've done anything  
16 that's harmful?

17 A I think it's come out here, yes. There's been plenty  
18 of proof that's been testified to.

19 Q That we've actually given NXIVM's technology, their  
20 coach notes, their student notes?

21 A Yes. Because I don't think it's quite as -- when you  
22 refer to NXIVM's technology, NXIVM's technology isn't  
23 just student notes. It's the whole philosophy that is  
24 the basis --

25 Q And is that the written material?

1 A Can I finish what I was saying? The technology is --  
2 there's a philosophy that's at the basis of trade  
3 secrets. So when you talk about the notes, that's a  
4 part of it. There's a whole understanding. There's a  
5 whole philosophical definition of certain things,  
6 concepts. So the notes are a part of that.

7 Q Okay. So is the philosophy that you're talking about  
8 all in written form?

9 A The philosophy, a lot of it is in written form. A lot  
10 of it --

11 Q Is that philosophy --

12 A Can I finish?

13 Q I just asked you is it in written form.

14 THE COURT: Yes, that's only required that  
15 you answer whether or not it's in written form or not.  
16 It didn't require an explanation.

17 A Some of it is.

18 THE COURT: Okay. Go ahead, Ms. Dones.

19 Q (By Ms. Dones) And is some of that philosophy taught  
20 through verbal training and is not in written form at  
21 all?

22 A It's a combination of both.

23 Q That's not what I asked you, Ms. Bronfman. I said is  
24 part of NXIVM's technology in verbal form, that's just  
25 taught. It's not in written form.

1                   THE COURT: Ms. Dones, I thought she properly  
2                   answered the question. If you have a question, the  
3                   next thing for you to do is to ask the next question.  
4                   I thought her answer was responsive.

5   Q    (By Ms. Dones) So in regards to NXIVM's training, do  
6                   you have any proof that Ms. Woolhouse and I are in any  
7                   possession of any of NXIVM's training technology other  
8                   than coach and student notes?

9   A    Yes.

10   Q   The training technology?

11   A    The technology, yes. You both have full knowledge.  
12                   You've been trained -- especially you. You  
13                   head-trained at one point, so you have full knowledge  
14                   of our technology.

15   Q    So it's in my brain?

16   A    Yes, it's in -- you -- yes, you have an understanding  
17                   of the technology.

18   Q    So I've integrated that into who I am in the world?

19   A    I'm not sure I'd quite put it like that, but you have  
20                   an understanding of all the concepts behind the  
21                   technology.

22   Q    And so what is your suggestion in regards to stuff that  
23                   I have in my knowledge bank in regards to the NXIVM's  
24                   technology, and how do I return that?

25                   MR. CROCKETT: The question is argumentative;

1 calls for a conclusion of law.

2 THE COURT: I'll sustain the objection. You  
3 need to frame the question in a way that isn't so  
4 argumentative.

5 Q (By Ms. Dones) Okay. So is it possible for me to  
6 return that information that I have internally?

7 MR. CROCKETT: Object to the form of the  
8 question.

9 THE COURT: Repeat the question, Ms. Dones?

10 Q (By Ms. Dones) You've testified that because we have  
11 been trained in NXIVM's technology, that we've  
12 integrated parts of that into our own internal  
13 knowledge bank. We have it in our brains or wherever  
14 it's stored in our body. And so what I'm asking, is it  
15 possible that there's any way that we could return that  
16 to NXIVM?

17 MR. CROCKETT: Objection, calls for a legal  
18 conclusion. It's beyond what we're asking for in our  
19 papers.

20 THE COURT: I'm going to overrule the  
21 objection.

22 Go ahead, Ms. Bronfman.

23 A It's not -- you would need to do two things, One, give  
24 us our material, because I don't believe that you would  
25 be able to teach our curriculum without having the



1           actual material; but Two, there's a certain -- I do  
2           believe that in order to uphold your agreement, you  
3           need to also not speak -- not give away our trade  
4           secrets that you are privvy to.

5    Q     And do you have any proof that we've given away your  
6           trade secrets?

7    A     I think that there's actually quite a lot of evidence  
8           that goes to your intent to giving away our trade  
9           secrets.

10   Q     Do you have any proof? I mean, intent is hard to  
11           prove?

12   A     Well, there's --

13                   THE COURT: I think you asked a good  
14           question, and it deserves follow-up. But let her  
15           answer the question.

16   A     I think that the emails that we have produced in trial  
17           serve proof that you have intent to use our  
18           intellectual property, yes, our trade secrets.

19   Q     (By Ms. Dones) So are you testifying that you can  
20           understand my intent?

21                   MR. CROCKETT: That's argumentative.  
22           Objection.

23                   THE COURT: Sustained.

24   Q     (By Ms. Dones) What does NXIVM teach about  
25           understanding somebody else's intent?

1 MR. CROCKETT: Objection, irrelevant.

2 THE COURT: Sustained.

3 Q (By Ms. Dones) Ms. Bronfman, do you have any expert --

4 are you an expert on intent?

5 MR. CROCKETT: Objection, irrelevant.

6 THE COURT: Sustained.

7 Q (By Ms. Dones) How can you prove my intent?

8 MR. CROCKETT: Objection, calls for a legal

9 conclusion. Irrelevant.

10 MS. DONES: Your Honor, she's testified to

11 the fact that they've provided evidence that points to

12 my intent.

13 MR. CROCKETT: Well, she drug it out of her.

14 And I'm just saying that --

15 THE COURT: I think you asked whether she had

16 any proof, and she said -- didn't cite any proof other

17 than the evidence of your intent, didn't cite any

18 instances of your using the materials. And I think

19 that was a point scored. And I think you're belaboring

20 the point. The questions you're going down now are not

21 that relevant.

22 A Well, I also stated that the emailings spoke for

23 themselves.

24 THE COURT: You did. Thank you,

25 Ms. Bronfman.

1 MS. DONES: Well, there was a lot of  
2 inference -- Your Honor, I want to --

3 THE COURT: I have the points that  
4 everybody's made. You don't need to belabor them,  
5 Ms. Dones.

6 Q (By Ms. Dones) Okay. So in regards to NXIVM's -- are  
7 you familiar with NXIVM's claims against us?

8 A Yes, I am.

9 Q And did you help prepare any of the claims against  
10 Ms. Woolhouse and myself?

11 A I'm not a lawyer. So obviously, I can't do any of  
12 this. But so much of the information that I was privvy  
13 to, yes.

14 Q Okay. And do you know how come NXIVM accused Ms. Dones  
15 or Ms. Woolhouse and myself, that we were in Suzanne  
16 Kim's will?

17 MR. CROCKETT: Objection, irrelevant. We  
18 didn't put that in our case in chief.

19 MS. DONES: Your Honor, it's in their third  
20 amended complaint. It's one of the reasons for their  
21 727 claim.

22 THE COURT: Well, I understand it,  
23 Mr. Crockett, that you're saying that you're abandoning  
24 that claim as a basis for denial of discharge under  
25 727?

1                   MR. CROCKETT: Yes. We didn't raise it in  
2                   our case in chief.

3                   THE COURT: Okay. So that claim's gone.

4                   MS. DONES: I'm sorry. I didn't know that,  
5                   Your Honor.

6    Q            (By Ms. Dones) I would like for you to turn to  
7                   Defendants' Exhibit 2.

8                   MS. DONES: Actually, Your Honor, I'm going  
9                   to strike that. I'll come back to that, because I  
10                  don't seem to have Defendants' -- I don't have that  
11                  exhibit with me right now.

12                  THE COURT: You can go back and get it,  
13                  Ms. Dones.

14                  MS. DONES: I'll have Ms. Woolhouse look for  
15                  it.

16                  THE COURT: Okay.

17    Q            (By Ms. Dones) Actually, let's go to -- yes. So on  
18                  page 53 --

19                  THE COURT: What are we looking at?

20    Q            (By Ms. Dones) I'm sorry, Defendants' Exhibit 2.

21                  THE COURT: Defendants' Exhibit 2 doesn't  
22                  have 53 pages.

23                  MS. WOOLHOUSE: It says 53 on the top of one  
24                  of the pages, Your Honor.

25                  THE COURT: So this is the deposition

1 transcript?

2 MS. DONES: Yes.

3 THE COURT: Page 53. Thank you. So it's

4 Defendants' Exhibit 2, and the page of the deposition

5 transcript.

6 MS. DONES: Yes.

7 THE COURT: Actually, it's not a deposition

8 transcript. It appears to be some other transcript.

9 MS. DONES: Actually, it's Tony Foley's

10 deposition. I have a full deposition, if you want me

11 to present that.

12 MR. CROCKETT: And, Your Honor, I would

13 object to the reading of colloquy of counsel, which is

14 what is going to be attempted here. And I object to

15 the reading of a third-party witness in this witness's

16 examination.

17 MS. DONES: Actually, this is a conversation

18 that went on between Judge Feldman and NXIVM's counsel,

19 Ms. Nichols.

20 MR. CROCKETT: And I would object to it.

21 THE COURT: First of all, I have one page of

22 a deposition. It hasn't -- the page alone would not be

23 sufficient for it to get into evidence. So if I'm

24 going to see the deposition, I need to see the entire

25 deposition. And then I have to understand what part

1           you want to read. And then I can determine whether or  
2           not it's admissible.

3                     Right now I'm having a colloquy about one  
4           page of an exhibit. And I realize that's partly your  
5           problem, Ms. Dones. But if you want to get a  
6           deposition in another case, you need to produce the  
7           whole deposition with the certification so that I can  
8           see that it's a proper deposition.

9                     MS. DONES: Okay.

10                    THE COURT: I assume it was taken in this  
11           case, in which case it would be --

12                    MS. DONES: It was taken in this case.

13                    THE COURT: -- it could be used, assuming the  
14           testimony is relevant and otherwise admissible. So if  
15           you want to use that deposition, you need to produce  
16           the whole deposition.

17                    MS. DONES: I just have this. I don't know  
18           if that's a certified copy.

19                    THE COURT: Why don't you give that to my  
20           clerk.

21                    Well, I'm looking at a document. It's called  
22           a Non-Party Deposition Upon Oral Examination of Tony  
23           Foley. And it's in this case.

24                    Do you have any objection to the deposition  
25           itself being used, without -- I'm making no rulings or

1           determinations about what portions that Ms. Dones is  
2           attempting to use. Do you have any problem with her  
3           using this deposition?

4                   MR. CROCKETT: No, it's proper to use the  
5           depositions taken in this case.

6                   THE COURT: Okay. I assume you don't have  
7           extra copies?

8                   MS. DONES: No, Your Honor, I don't. I  
9           apologize.

10                  THE COURT: What page -- do you want to read  
11           from this -- are you only going to read from the page  
12           that's part of the --

13                  MR. CROCKETT: She can just read off of my  
14           copy, Your Honor. I know what she's going to read.

15                  THE COURT: Actually, if you're only going to  
16           read from this page, then I probably don't need to have  
17           it, and you can have it. I do have page 53 of that  
18           deposition.

19                  Now, what portion of that deposition,  
20           Ms. Dones, do you want to use?

21                  MS. DONES: Lines 16 through 21 -- or 16  
22           through 23.

23                  MR. CROCKETT: And, Your Honor, that is just  
24           conversation between a magistrate and counsel. It's  
25           not under oath. Nor could it be construed as any sort

1 of judicial admission, which has its own components and  
2 requirements.

3 MS. DONES: Your Honor, it's a conversation  
4 between NXIVM's counsel and a judge.

5 THE COURT: Why wouldn't the statements by  
6 Ms. Nichols, who I assume is an attorney for -- acting  
7 as an attorney for NXIVM, be potentially an admission?

8 MR. CROCKETT: In order for it to be an  
9 admission, there has to be some advantage secured by  
10 the admission. In other words, you've got to show that  
11 there's been some advantage, some summary judgment  
12 grant, some motion granted, something like that. A  
13 judicial admission --

14 THE COURT: I don't treat it as a judicial  
15 admission. An admission of fact -- I treat a judicial  
16 admission as something that would be binding upon a  
17 party. But a statement by an attorney for NXIVM,  
18 particularly in a deposition in this case, could be an  
19 admission. It could be evidence that could be used.  
20 It wouldn't be hearsay because it's an admission.

21 MR. CROCKETT: No, it's not an admission  
22 because it's -- an admission has to be a stipulated  
23 circumstance, we stipulate to a particular fact.

24 THE COURT: I don't agree. I think that the  
25 question and answer by Ms. Nichols can be admitted.



1                   So you may read 16 through 23 into the  
2           record.  
3   Q    (By Ms. Dones)   Okay.   So Ms. Bronfman --  
4                   THE COURT:   Lines 16 through 23 of page 53 of  
5           the -- is it the Tony Foley deposition?  
6                   MS. DONES:   Yes, Your Honor.  
7   Q    (By Ms. Dones)   So Ms. Bronfman, can you read lines 16  
8           and 17?  
9                   MR. CROCKETT:   She's not the witness  
10          testifying.  
11                  THE COURT:   You can just read it into the  
12          record.  
13                  MS. DONES:   Okay.   So line 16, Judge Feldman  
14          says, Does this video -- Keith Raniere is a principal  
15          of NXIVM?  
16                  And Ms. Nichols says, No, he's the conceptual  
17          founder.  
18                  Judge Feldman then goes on, Is he a  
19          defendant?  
20                  And Ms. Nichols says, He is not.  
21                  And Judge Feldman says, Is he an agent of  
22          NXIVM?  
23                  And Ms. Nichols says, No.  
24   Q    (By Ms. Dones)   So you're an executive board member?  
25   A    Yes, that's correct.

1 Q And what's your role on the executive board?

2 A I handle the operations. But I'm also a board member,  
3 and generally we steer the direction of the company.

4 Q Okay. And in regards to that, is Mr. Raniere a board  
5 member?

6 A No. Mr. Raniere is -- has the title of Vanguard.

7 Q So --

8 A So he's not a board member.

9 Q And is he an owner of NXIVM?

10 A No.

11 Q Is Mr. Raniere a paid employee of NXIVM?

12 A No, he's not.

13 Q And is Mr. Raniere in any way affiliated with NXIVM  
14 other than the conceptual founder of NXIVM?

15 A I mean, he's the conceptual founder of NXIVM. I mean,  
16 that's his title and that's his affiliation with the  
17 company.

18 Q So Mr. Raniere has no part of NXIVM corporation?

19 A He holds the title of Vanguard in the corporation.

20 Q But he's not a corporate owner, he's not a corporate  
21 board member, he's not a paid employee. Is he an  
22 independent contractor?

23 A No, he's the Vanguard. He holds the title Vanguard in  
24 our company.

25 Q So are you saying that Mr. Raniere -- isn't it true

1           that Mr. Raniere isn't a part of NXIVM Corporation?

2    A       He's the conceptual founder of NXIVM Corporation.

3    Q       Okay.  So how does that -- how does Mr. Raniere being

4           the conceptual founder relate to NXIVM as a corporate

5           entity?

6    A       It's a title that the corporate entity has given to the

7           philosophical founder of the company.

8    Q       So isn't it true that Mr. Raniere isn't a part of NXIVM

9           corporation?

10   A       No, I just said, he is the Vanguard of --

11   Q       Well, the title --

12   A       He shares the title of it.

13   Q       But he's not a part legally of NXIVM Corporation.  Is

14           that not correct?

15                       MR. CROCKETT:  That calls for a legal

16           conclusion.

17                       THE COURT:  Sustained.

18   Q       (By Ms. Dones)  So to your knowledge, Keith Raniere,

19           he's not an agent, he's not an owner, he's not a board

20           member, he's not a paid employee, he's not an

21           independent contractor.  He just helped develop some of

22           the modules?

23                       MR. CROCKETT:  Objection, determination calls

24           for a legal conclusion.

25                       MS. DONES:  I think based on her position,

1 she oversees the operation --

2 THE COURT: First of all, I think it's highly  
3 repetitive, and I don't even think it's a question. So  
4 I'm going to sustain the objection. You have to frame  
5 it in terms of questions. And you've made most of the  
6 points two or three times, Ms. Dones.

7 Q (By Ms. Dones) Okay. And so based on the fact that  
8 Keith Raniere holds the title of Vanguard but is not a  
9 part of NXIVM Corporation, do you believe that NXIVM  
10 Corporation has a right to represent Mr. Raniere in  
11 these proceedings?

12 MR. CROCKETT: Objection, calls for a legal  
13 conclusion.

14 THE COURT: Overruled.

15 A Well, there's a premise that you stated that I don't  
16 agree with.

17 Q (By Ms. Dones) Just answer the question, Ms. Bronfman.

18 A Can I refer to something?

19 THE COURT: Go ahead and answer the question  
20 the way you were going to answer it. Believe it or  
21 not, Ms. Dones does not actually tell you what you get  
22 to answer. She asked the question. Go ahead and  
23 answer it.

24 A Yes. I believe that NXIVM has every right to defend  
25 and to -- and actually, must protect the intellectual

1 property of Keith Raniere. And it's actually in our  
2 contract. But it says "each and every," meaning each  
3 and every individual that's in our contract has the  
4 right to defend each and every other party in the  
5 contract or protect each and every other party in the  
6 contract.

7 Q And what contract are you referring to?

8 A I'm referring to the confidentiality agreement.

9 Q Okay. Can you turn to Defendants' -- or Plaintiff's  
10 Exhibit 1. And based on this, do you see Keith Raniere  
11 mentioned on here at all?

12 A Yes.

13 Q Where?

14 A Page 1, "Whereas contractor", in commas, "refers to  
15 each and every of First Principles Inc., Executive  
16 Success Programs, Inc., Nancy Salzman, and Keith  
17 Raniere. This agreement is among First Principles,  
18 Executive Success, Nancy Salzman and Keith Raniere."

19 Q Okay. So it's your opinion that NXIVM has a right to  
20 represent Keith Raniere, even though NXIVM Corporation  
21 is the one who's come into our bankruptcy?

22 A I believe NXIVM has every right to represent Keith  
23 Raniere as an individual, but also must protect the  
24 person who holds the title of Vanguard, who is the  
25 conceptual founder of the company.

1 MS. DONES: Okay. So, Your Honor, I would  
2 like to -- at some point -- and again, I apologize for  
3 my limitations in regards to this. I think that this  
4 requires the Court to make a decision, that Keith  
5 Raniere is not a part NXIVM Corporation. NXIVM  
6 Corporation is the one who has come into our  
7 bankruptcy. And because he's not a part of the  
8 corporation, I don't really understand how we're even  
9 discussing anything to do with Keith Raniere in our  
10 case. Keith Raniere did not come in as an individual  
11 against us.

12 THE COURT: I'm not quite sure what you're  
13 asking for, Ms. Dones. You're being sued by NXIVM.

14 MS. DONES: Corporation.

15 THE COURT: NXIVM Corporation. You can make  
16 whatever argument you want at the conclusion of the  
17 evidence in the case. But right now you need to ask  
18 questions and elicit answers that are relevant to the  
19 issues before the Court.

20 MS. DONES: Okay.

21 Q (By Ms. Dones) So Ms. Bronfman, isn't it true that  
22 NXIVM has not provided any proof of harm -- hasn't  
23 provided any proof of harm in this case?

24 MR. CROCKETT: Objection, repetitive.

25 THE COURT: Overruled. Go ahead.

1 A No, I don't think that that's true at all. I have  
2 stated several times that there has been mass harm to  
3 what has been done. I think that there's been enormous  
4 harm --

5 MS. DONES: I'd like to object. That's  
6 hearsay. I'm asking for proof.

7 MR. CROCKETT: Objection.

8 THE COURT: You want to file a motion to --  
9 you're filing a motion to strike. I'm denying your  
10 motion to strike.

11 MS. DONES: Okay.

12 THE COURT: The answer is responsive.

13 A (Continuing) Yes. As a witness, I'm testifying that  
14 there has been an extreme amount of damage. There's  
15 been damage through your release of the video. There's  
16 been enormous damage because of the hate blog. There's  
17 been enormous damage to the company, also individuals  
18 that are within the company. It's -- we've had to  
19 spend enormous amounts of money to protect ourselves.  
20 Yes, there's been enormous damage.

21 Q (By Ms. Dones) And isn't it true that NXIVM has not  
22 provided the Court with any substantial proof to back  
23 up what you just said?

24 MR. CROCKETT: Objection, legal argument.

25 THE COURT: It's argumentative. I'm going to

1 sustain the objection.

2 Q (By Ms. Dones) And have you provided any proof to  
3 those damages, other than your testimony?

4 MR. CROCKETT: Objection, argumentative.

5 THE COURT: Sustained.

6 Q (By Ms. Dones) Ms. Bronfman, why did NXIVM -- do you  
7 know why NXIVM dropped their loss of students claims  
8 against Ms. Woolhouse and I?

9 MR. CROCKETT: Objection, argumentative,  
10 irrelevant.

11 THE COURT: What's the relevance, Ms. Dones,  
12 OF why they dropped the damage claims against you and  
13 Ms. Woolhouse?

14 MS. DONES: Well, Your Honor, Ms. Bronfman  
15 has testified to things that -- it's testimony which,  
16 because they haven't provided any proof -- and you said  
17 this case, at the very beginning, was about facts. And  
18 so it's our opinion that Ms. Bronfman hasn't provided  
19 the facts to back up her statements. There has been no  
20 facts provided in this case.

21 THE COURT: I'll sustain the objection. Go  
22 ahead.

23 Q (By Ms. Dones) I'd like to refer to Defendants'  
24 Exhibit 6. And Ms. Bronfman, are you familiar with  
25 this document?



1 A I haven't read this entire document. I've looked at  
2 the last page, but I haven't read the whole thing.

3 Q If you haven't read the whole thing, how do you know  
4 that there's only two modules in its entirety in this  
5 document?

6 A Because I have seen an analysis that was done.

7 Q So you've seen an analysis. So you are familiar with  
8 the document?

9 A I'm not familiar with it. I have not read every page  
10 of this document. I have looked through it.

11 Q Okay. But you testified that there were only two  
12 modules in this document in its entirety. And is that  
13 what you received from the analysis?

14 A Yes.

15 Q And so you have no real knowledge, other than the  
16 analysis, of what's in this document?

17 A I think the analysis is real knowledge. So, yes, I do  
18 believe I have real knowledge of it.

19 Q Okay.

20 MS. DONES: It might take us a little while,  
21 Your Honor, to go through this, but I think that  
22 this --

23 THE COURT: Well, since I'm not quite how  
24 you're going to -- this is a patent application for two  
25 modules?

1 MS. DONES: No, Your Honor.

2 THE COURT: What is this document? You

3 haven't identified it for me.

4 MS. DONES: Okay. I'd like to identify it as

5 it's actually NXIVM's -- or First Principle's --

6 THE COURT: You need to get the witness to

7 identify the document.

8 Q (By Ms. Dones) Okay. Can you identify this document,

9 Ms. Bronfman?

10 A The only time I've ever seen this document is in

11 preparation for trial with my attorneys. So I'm not

12 sure quite how to --

13 THE COURT: The question is can you identify

14 the document, Ms. Bronfman.

15 THE WITNESS: I can read it, if that's what

16 you'd like me to do.

17 THE COURT: Do you know what it is?

18 THE WITNESS: Yes. I have an assumption of

19 what it is. I don't know if it's accurate, but I can

20 certainly -- from what the document says, it's an

21 application.

22 MS. DONES: Your Honor, this has been

23 accepted by counsel as -- I'm not asking for it to be

24 admitted. It's already been admitted.

25 THE COURT: Has it been admitted?

1 MR. CROCKETT: Yes, Your Honor.

2 THE COURT: Okay. It's admitted. It's  
3 already in the evidence. And you think this witness  
4 knows about this document.

5 MS. DONES: She testified to it yesterday.

6 THE COURT: She testified she's seen an  
7 analysis.

8 MS. DONES: Well, she testified that she knew  
9 that there were only two modules in complete -- Your  
10 Honor, this is a public domain document. And it  
11 actually contains -- there's stuff about NXIVM's trade  
12 secrets in this document that I didn't know until last  
13 night when I was reading it. This is a public domain  
14 document that's downloadable from the internet by  
15 anybody.

16 THE COURT: And that's fine. It's already  
17 been stipulated to its admissibility. The question is  
18 whether she's going to know any of the information  
19 about it. And you can go ahead and ask her, but that's  
20 the -- if you want to interrogate this witness, she has  
21 to have some knowledge of the document.

22 Q (By Ms. Dones) Okay. So Ms. Bronfman, in your -- who  
23 did the analysis?

24 A It was done through our attorneys.

25 Q Okay. So in regards to that, did they go through the

1 document page by page by page?

2 A I haven't spoken to the attorneys who did the analysis  
3 directly about that question.

4 Q So which attorneys did the analysis?

5 A I feel like we're breaching into attorney/client  
6 privilege.

7 THE COURT: Well, you have an attorney, so  
8 when it -- if he wants to raise an objection, he will,  
9 I assume.

10 A (Continuing) Okay. Mr. Crockett.

11 Q (By Ms. Dones) And isn't it true that this document  
12 contains -- that it spells out NXIVM's intellectual  
13 properties and, in very detailed manner, it goes into  
14 all different aspects of their -- what is their trade  
15 secret?

16 A Actually, it's -- without having read its entirety,  
17 from what I have read, my understanding is it doesn't  
18 go into full depth on all of our modules or all of our  
19 trade secrets. It goes into what is necessary and  
20 sufficient. However, it doesn't give everything.

21 Q How would Mr. Crockett know that?

22 A I assume because he would have done an analysis or had  
23 somebody do an analysis that was an expert on it.

24 Q But if Mr. Crockett isn't an expert in NXIVM's  
25 technology, how would he know in relationship to what

1 is a complete module. There's only two complete  
2 modules. There's actually 21 modules in here. How  
3 would Mr. Crockett know that there's only two complete  
4 modules?

5 A I think because somebody did an analysis that would  
6 review the curriculum versus what's in here.

7 Q Is NXIVM harmed by this 240-page document being public  
8 domain on the internet?

9 A Like I said, there are only two full modules in here.

10 Q Okay. So let's turn to --

11 MS. DONES: And I apologize, Your Honor, that  
12 not all of these pages are numbered, which is going be  
13 to be a little burdensome for us.

14 Q (By Ms. Dones) Ms. Bronfman, have you ever been a  
15 trainer for NXIVM?

16 A No, I haven't.

17 Q You've never head-trained?

18 A No, I haven't.

19 Q Have you ever trained Ethos?

20 A I've proctored Ethos.

21 Q So you've taught modules?

22 A Correct.

23 Q And are you familiar with the modules?

24 A I haven't proctored in a while, but I'm more or less  
25 familiar with them.

1 Q Okay. So the first part of it is -- the pages are  
2 actually numbered. And then what we're looking for is  
3 this figure.

4 MS. DONES: And I apologize, Your Honor.  
5 These are not numbered. So it's after the first bit of  
6 pages that are numbered.

7 THE COURT: Goal achievement, Figure 4?  
8 MS. DONES: No, it's actually --  
9 THE COURT: Figure 1.

10 MS. DONES: Yeah, it's Figure 1, Rationale  
11 Inquiry Method.

12 THE COURT: Got it.  
13 Do you have it, Ms. Bronfman?  
14 THE WITNESS: No.

15 THE COURT: Go about five pages past -- no,  
16 maybe 10 pages past the numbered pages. There's a  
17 series of figures.

18 THE WITNESS: What figure -- which figure is  
19 it?

20 MS. DONES: Figure 1.

21 Q (By Ms. Dones) Figure 1?  
22 A I've actually never seen this.

23 Q Okay. At the top it says, Rationale Inquiry Method?  
24 A Yes, it does.

25 Q Okay. And then down below it has a lot of boxes that

1           arrows are pointing to. Is this a part of NXIVM's  
2           trade secret?

3    A    I'm not an expert on that. I would assume so, because  
4           it's in here. But I can't speak --

5    Q    Okay. And then two pages over from that is Figure 3.  
6           This is a listing of basic modules?

7    A    Yes, I see it.

8    Q    Okay. So in regards to to NXIVM's Level One training,  
9           are these 21 modules contained within NXIVM's training  
10          modules?

11   A    Yes.

12   Q    Okay. And so if you go over two more -- what two  
13          modules did you say were in full?

14   A    Good & Bad and Parasite Producer One.

15   Q    Okay. So let's go over two more pages, and it says  
16          Rules and Rituals. Are you familiar with the module  
17          Rules and Rituals?

18   A    I'm familiar with it. It doesn't mean I could repeat  
19          it to you verbatim, but --

20   Q    Okay. So this is actually, one, two, three, four,  
21          five, six, seven, eight pages of -- then on page 2 of  
22          Rules and Rituals, it actually says, Coach Notes.

23   A    Yes.

24   Q    Okay. So based on your experience of being a trainer  
25          for NXIVM and having taught modules before, can you

1 identify anything that's left out of this module?

2 A I haven't taught this module in years. I would have to  
3 see how as to be able to compare them.

4 Q Okay. So in Rules and Rituals, does NXIVM talk about  
5 handshaking?

6 A I believe so, yes.

7 Q Okay. And do they show videos?

8 A I believe so, yes.

9 Q Okay. So it says, Watch Segment 1 of the video,  
10 correct, on the first page?

11 A Yes.

12 Q And then it goes through definitions, crux of hand,  
13 wrist cock, position of feet, middle and ring finger;  
14 is that correct?

15 A Yes.

16 Q Is that talked about in Rules and Rituals?

17 A I'm going to assume so, yes.

18 Q Okay. And then it goes onto -- on the second page, No.  
19 2, it talks about the ESP handshake. Is that not  
20 taught in Rules and Rituals?

21 A Yes, I believe it is.

22 Q Okay. And then there's a personal handshake  
23 competition. Are you aware that that takes place in  
24 that module?

25 A I believe so.



1 Q Okay. And then it says, Watch Segment 2 of the video;  
2 is that correct.

3 A Yes.

4 Q And then it goes into Rules and Rituals, and it talks  
5 about -- like No. 1 says, "Just like in martial arts  
6 where students' ranks are signified by color". Is that  
7 not talked about in Rules and Rituals?

8 A Yeah.

9 Q Okay. And then on the next page over, No. 2, it talks  
10 about Promotions. So it says, "In business, there are  
11 certain requisite" --

12 A Requisite.

13 Q Yes, requisite. It's like "aluminum" for me. Took me  
14 years to learn it.

15 THE COURT: Where are we reading from?

16 Q (By Ms. Dones) On the third page of Rules and Rituals,  
17 No. 2?

18 THE COURT: Promotion, got it. Thank you.

19 Q (By Ms. Dones) Okay. Is that not talked about in  
20 Rules and Rituals?

21 A I believe it is.

22 Q And then how about pictures of the founders? Is that  
23 not talked about in Rules and Rituals?

24 A I believe that is.

25 Q And then it goes onto talk about, Titles, No. 3 -- or

1           excuse me, I think it's No. 3, on the bottom -- oh no,  
2           it talks about pictures of founders, then it talks  
3           about shoes. So on No. 4 where it says, "Shoes. In  
4           order to provide the feeling of intimacy and comfort,  
5           all people entering a session are required to remove  
6           their shoes." Is that not a requirement at NXIVM?

7    A       Yes, it is.

8    Q       And then it goes onto talk about, Titles, and then,  
9           Bowling, on the next page over, No. 6. It talks about,  
10          "Bowing is to show respect, and it's a form of sharing,  
11          like the word 'Hello'". So, "Students bow when  
12          entering and leaving session space." Is that not a  
13          requirement, for NXIVM members to bow when they enter  
14          and leave a training space?

15   A       None of these are per se requirements. If you don't do  
16          them, you're not thrown out. But we do ask people to  
17          do these things, yes.

18   Q       Okay. So -- and then does it go on -- do people bow to  
19          Nancy Salzman, AKA Prefect, and Keith Raniere, AKA  
20          Vanguard?

21   A       At the end of a session, people will bow. But I sort  
22          of -- it's more of a head nod, as a form of respect.

23   Q       Okay. And so when the highest rank enters the room  
24          during a training, it says, "Like a judge in the  
25          courtroom, when the highest rank enters the room in the

1           beginning of each session, we stand to show respect and  
2           to ready the group to be brought to order." Is that  
3           not a practice in NXIVM? And that's a part of their  
4           Rules and Rituals?

5    A    Yes.

6    Q    Okay. Then it goes on to No. 8 where it talks about  
7           reciting the Mission Statement, the 12-point Mission  
8           Statement?

9    A    Correct.

10   Q    And then the phone tree is No. 9.

11   A    Correct.

12   Q    And then we go into 10, Confidentiality of Materials,  
13           11, Attire.

14                   MR. CROCKETT: Your Honor, objection. These  
15           are not even questions, but it's now marginally  
16           relevant to the point where it's just repetitive.

17                   THE COURT: Ms. Dones, what is the relevance?

18                   MS. DONES: Your Honor, the relevance is  
19           that --

20                   THE COURT: Bear in mind that this document  
21           is admitted.

22                   MS. DONES: Right. And the relevance is is  
23           that there is a tremendous amount of NXIVM's materials  
24           in public domain in the marketplace. And if one was to  
25           go through this and compare it with NXIVM's -- the

1 first 21 modules of NXIVM, my analysis is that they're  
2 complete, each module. It's not two complete modules,  
3 but all 21 of them are complete. Not only with coach  
4 notes, but many of them contain student notes.

5 THE COURT: Okay. You've made your point. I  
6 have this in the record. I don't think you need to  
7 repeat each of the points.

8 MS. DONES: Yeah, I don't want to go through  
9 the whole thing. We'll be here all day.

10 Q (By Ms. Dones) Okay. And so Ms. Bronfman, in this  
11 document, what I'd like for you to do is to turn to the  
12 last four pages. And on page 3 of the last four pages,  
13 No. 2 says, Citations and Explanations.

14 A Yes, I see that.

15 Q And the first part of it, can you read where it says  
16 Claims 1 through 18?

17 MR. CROCKETT: Objection. The document  
18 speaks for itself. And this is not her testimony.

19 MS. DONES: Your Honor, I've been asked --

20 THE COURT: Are you going to ask her about  
21 this document? Or do you just want -- bearing in mind  
22 it's already in the record --

23 MS. DONES: I am going to ask her about this  
24 -- I am going to ask her about this document.

25 THE COURT: All right. Well, you've pointed

1           her to that. Why don't you ask her your question about  
2           the document.

3    Q       (By Ms. Dones) Okay. So in regards to this, it says  
4           the claims are repetitive and subjective, and that the  
5           terminology which makes it impossible for the user to  
6           perform the method without undue experimentation with  
7           reliability; is that correct?

8                       MR. CROCKETT: Objection. The document  
9           speaks for itself.

10                      THE COURT: Sustained. If you have a  
11           question of Ms. Bronfman, you can ask it. But if  
12           you're just going to repeat what's already admitted in  
13           the record, then --

14                      MS. DONES: Okay. I'm sorry, Your Honor.

15    Q       (By Ms. Dones) Okay. So on page -- the fourth page,  
16           last page, is it not true that the World Intellectual  
17           Property Organization, Claims 1 through 18, they were  
18           refused because they lacked in clarity?

19                      MR. CROCKETT: Objection, misstates the  
20           document. The document speaks for itself. This is, on  
21           its face, only a preliminary examination report.

22                      THE COURT: Ms. Dones, you can ask  
23           Ms. Bronfman -- are you just asking her to read what's  
24           in the document? Or are you actually asking her for  
25           her knowledge about what happened to this petition?

1 Q (By Ms. Dones) Yeah. In regards to this --  
2 THE COURT: Because if you're just asking her  
3 to read what's in it, you don't need to do that.  
4 MS. DONES: Okay.  
5 THE COURT: But if you have a question of  
6 her --  
7 Q (By Ms. Dones) Okay. To your knowledge, did the World  
8 Intellectual Property Organization deny all of NXIVM's  
9 claims for intellectual property rights?  
10 A No, they did not.  
11 Q Are there any claims that it has approved?  
12 A No, it's in process. This is a preliminary  
13 examination.  
14 Q Okay. And so in your dealings as an executive board in  
15 overseeing the operations, do you have any knowledge  
16 that NXIVM is doing anything beyond the preliminary  
17 report in regards to this?  
18 MR. CROCKETT: Objection, Your Honor. And  
19 it's a subtle distinction. It's a legal objection.  
20 Patented material is not trade secret material, by  
21 definition. It's open and to the public. Trade secret  
22 material is that which is not patented. So an  
23 examination as to how far they've taken this patent and  
24 whether they're going to pursue it to patentability is  
25 irrelevant.

1                   I understand the legal issue of, well, has  
2                   there been disclosure here. I understand that. But  
3                   now she's getting into the area of how far you're going  
4                   to take this patent. It's irrelevant.

5                   MS. DONES: I think the relevance to this,  
6                   Your Honor, is that NXIVM goes to -- they say they go  
7                   to great lengths to protect their materials, when in  
8                   fact, because the preliminary patent was rejected, the  
9                   World Intellectual Property Organization deemed,  
10                  because this is not patentable material, that it's very  
11                  similar to other stuff that's out there, is they made  
12                  the material public domain for anybody to download.

13                  THE COURT: I have that. That isn't what the  
14                  question was about. You were asking what they were  
15                  going to do about going forward.

16                  I'm going to sustain the objection.

17    Q            (By Ms. Dones) Okay. All right. So Ms. Bronfman, I'd  
18                  like you to turn to Plaintiff's Exhibit 25. So has  
19                  NXIVM provided any proof that -- let me ask you this,  
20                  does NXIVM provide food in their -- at their training?

21    A            At times we do, yes.

22    Q            Is it not customary to provide breakfast and lunch at  
23                  all Level 116 training -- day trainings?

24    A            No, we don't provide lunch. We go out for lunch.

25    Q            I mean breakfast and dinner. I apologize.

1 A Breakfast and snacks.

2 Q But they never provide a dinner?

3 A It's an evening snack.

4 Q Okay. And then at Level Two trainings, does NXIVM not

5 run a cafe where people can actually buy food that's

6 prepared at NXIVM's training facility?

7 A I wouldn't say that's accurate, no.

8 Q So people never have bought lunch there?

9 A There have been times in the past where NXIVM has

10 provided food, but it's not being made on the premises.

11 Q But do they bring food in that is then sold?

12 A There have been times where that's been done, yes.

13 Q And does NXIVM have a licensed cafe?

14 A No, it's -- it's not open to public.

15 Q Okay. So has NXIVM -- do you have any knowledge that a

16 health inspector has come to NXIVM's cafe?

17 A A health inspector wouldn't be needed to come to a

18 place where there's no food being prepared.

19 Q So do you have any knowledge that a health inspector

20 has come?

21 A No, there's no need for it.

22 Q Okay. So in regards to that, does NXIVM have any proof

23 that a call was made to a health inspector about

24 NXIVM's cafe? Have they provided any proof in this

25 case?



1 A No, but I do think the document speaks for itself.

2 Q Well, now we're back to intent.

3 A No, we're back to the document, actually.

4 Q Well, in actuality, if this is indeed a true document

5 -- I mean, just because --

6 THE COURT: Ms. Dones, is this going to be a

7 question?

8 MS. DONES: Yes.

9 THE COURT: We're not going to argue back and

10 forth with the witness.

11 Q (By Ms. Dones) Right. Do you think that if people

12 talk about doing something but don't do it, that

13 there's any harm done?

14 MR. CROCKETT: Well, I think that's

15 argumentative, Your Honor.

16 THE COURT: I'm going to allow the question.

17 I'm going to overrule your objection. Go ahead.

18 A Can you ask me one more time?

19 Q (By Ms. Dones) Yeah. If people talk about doing

20 something but never actually follow through, is any

21 harm done by people just talking about something?

22 A I think there can be potential harm done.

23 Q That wasn't my question. Is there any harm done?

24 A Not physically -- not physical harm done in that

25 moment, no.

1 Q So there's no harm?

2 A There could be harm, because if somebody's thought of  
3 doing something, the fact that they would do it exists.  
4 And they could.

5 Q Okay. So in regards to that, NXIVM teaches about  
6 virtual work. Is that not correct?

7 A It discusses a concept called virtual work.

8 Q And what is that concept?

9 A The concept just makes the distinction between doing  
10 work that actually produces value versus doing work  
11 that doesn't produce any value that more so is in  
12 preparation to produce value but is an every day  
13 mundane activity.

14 Q Well, isn't it true that it produces a result?

15 A Well, produces value.

16 Q Okay. So if somebody talks -- sits around and talks  
17 about, they want to be a medical doctor, but they never  
18 do anything to go to medical school, isn't that  
19 considered virtual work?

20 A That's not considered work at all.

21 Q That's not considered work at all?

22 THE COURT: There's an objection, and I'm  
23 going to sustain. But go ahead.

24 Q (By Ms. Dones) So in regards to this, you have no  
25 proof that any harm was done?

1 A No.

2 Q Okay. What we're going to do now is we're going to

3 take a look at Plaintiff's Exhibit 32. Do you have

4 that document in front of you?

5 A Yes.

6 Q In regards to this, if this is indeed a true and

7 accurate email, do you have any proof that there is an

8 attachment to this email?

9 A No, I do not.

10 Q And so on page 2 of this document, there's a list from

11 -- excuse me, Your Honor -- there's a page called NXIVM

12 Client List. Is that not correct? Or it says, Contact

13 List, NXIVM.net.

14 A Can you give me one second just to read the document?

15 Q Sure.

16 A Okay. What was your question?

17 Q Yeah. On page 2 of this, there is a document that says

18 -- it's a document from NXIVM.net. Is that not

19 correct?

20 A That is correct.

21 Q And what is NXIVM.net?

22 A Can I just go back to the previously-asked question?

23 Q I believe you've answered that question.

24 THE COURT: Your counsel can obtain

25 clarification. Let's proceed.

1 A Okay. Can you ask me again?

2 Q (By Ms. Dones) Yes. What is NXIVM.net?

3 A NXIVM.net is our internal site that has information

4 relating to NXIVM on it.

5 Q Okay. And on the bottom there's a -- the very bottom

6 of the page, there's a code there. Where it says

7 "MHTML:File//". It says, "Documents and Setting, R.

8 Crockett." Is that not correct?

9 A That's correct.

10 Q It says, "Local settings temporary internet file".

11 A That's correct.

12 Q And do you know why NXIVM would present this exhibit as

13 if this page 2 is actually an attachment to page 1?

14 A Because I believe that the email came with this

15 attached to it and that what you're referring to is

16 when it was printed out after Mr. Crockett received it.

17 Q And do you have any proof of that?

18 A Well, it does say on the first page under No. 2, "Is

19 there any way to extract a list of the names and email

20 addresses from the attached document?"

21 Q But is there an attachment on this document?

22 A Well, I believe that the attachment comes with the

23 document. So I believe it speaks for itself.

24 Q Okay. So what I'd like to do is refer to Plaintiff's

25 Exhibit 12. Ms. Bronfman, at the top of the page, do

1           you see where it says, "Windows Live Hotmail print  
2           message"?

3    A     Yes.

4    Q     And then after there there's a series of letters and  
5           numbers, which is a code?

6    A     I guess that's what it is.

7    Q     And do you see the same message at the top of page 2?

8    A     Yes.

9    Q     And do you see the same at the top of Page 3?

10   A     Yes. I'm looking quickly, though. I'm not analyzing  
11          that it's the exact same message.

12   Q     But there's a message that looks similar; is that  
13          correct?

14   A     Yeah.

15   Q     And then on page 1, does it not say, "Three  
16          attachments", and then it goes through actual -- it  
17          shows you that attachments are on that email?

18                 MR. CROCKETT: This is argumentative, Your  
19                 Honor. Objection. There's no connect the dot between  
20                 this exhibit and this witness.

21                 THE COURT: I don't think it's argumentative,  
22                 but it may be -- what's the relevance of this inquiry?

23                 MS. DONES: Well, Your Honor, in Exhibit 32,  
24                 there is no code at the top, as if it was printed out  
25                 from a server. And there is no -- there's no

1 attachment. That's why I question the validity of any  
2 of these emails, that they weren't just copied and  
3 pasted from certain things.

4 You know, when you print a message out from a  
5 server -- and how I know this is I print thousands of  
6 emails out for NXIVM. They all had a code at the top  
7 of it.

8 MR. CROCKETT: Well, Your Honor, she's just  
9 testifying. She's no expert in that. The reality is  
10 that when you print from Windows Live, that's what  
11 happens. But when I print from my email or you print  
12 from your court email, the local Outlook server doesn't  
13 put a stamp on there like that. So she's just making  
14 things up. And this is irrelevant.

15 THE COURT: Plaintiff's 12 is admitted. You  
16 and Mr. Crockett can argue on what basis you think that  
17 this document was somehow improperly pasted or copied.  
18 But unless this witness has some knowledge, of which I  
19 haven't heard any so far, the document's already in.  
20 You can argue its value later on at the time of the  
21 closing. But unless this witness has some particular  
22 knowledge about it, there's no relevance to this  
23 question.

24 Q (By Ms. Dones) Okay. So in regards to Exhibit 32,  
25 have you provided any -- well, first of all, the

1 document speaks for itself. It's from Joe O'Hara to  
2 Tony Foley, Susan Dones, Yuri Plyam. Is that not  
3 correct? Okay. And have you provided any proof that  
4 Ms. Woolhouse or I were involved in any email that went  
5 out during V Week of 2010?

6 A No. But again, I think the document speaks for itself.

7 MS. DONES: Objection, Your Honor. That  
8 wasn't what I asked.

9 THE COURT: Overruled. Go ahead, Ms. Dones.

10 Q (By Ms. Dones) And do you have any -- have you  
11 provided any proof that an email was sent to any of  
12 these contacts from Joe O'Hara?

13 A No, I have not.

14 Q And have you provided any proof that an email, period,  
15 was sent to these 13 pages of contacts?

16 A We have not.

17 Q And does this email -- anywhere in here, is there a  
18 return email? Did you provide a return email where --  
19 that I agreed to participate in this?

20 A No. Your email, if it's addressed to you -- well, it  
21 has your name in the "To", your email address. It's  
22 sent to you.

23 Q Correct.

24 A And I would assume, given that Tony Foley and Yuri  
25 Plyam were never members of NXIVM, nor do they know

1           much about any of the members, it would be mainly  
2           addressing you.

3    Q     Is your testimony that Yuri Plyam was never a member of  
4           NXIVM?

5    A     He was a client of NXIVM.  He was never a coach or a  
6           proctor or any of those.

7    Q     Did Yuri Plyam take NXIVM curriculum?

8    A     I said he was a client.  Yes, he did.

9    Q     Okay.  And was Yuri Plyam ever involved in ongoing  
10          coaching?

11   A     I don't know that.

12   Q     So your definition of a member is somebody of the rank  
13          of coach and above?

14   A     Correct.

15   Q     Does NXIVM have members that are students?

16   A     Well, I would consider white sashes clients.

17   Q     Is an Ethos -- if somebody belongs to Ethos, are they  
18          called an Ethos client?  Or are they called an Ethos  
19          member?

20                 MR. CROCKETT:  Irrelevant, Your Honor.

21                 THE COURT:  Sustained.

22                 MS. DONES:  I think it goes to --

23                 THE COURT:  You're really far afield,  
24                 Ms. Dones.

25   Q     (By Ms. Dones)  So you have no evidence, no proof that



1 Ms. Woolhouse or I were involved in this, other than  
2 the fact that we received the email?

3 A You know, it's a difficult thing, because it's hard to  
4 know the people who didn't come to NXIVM. Or the  
5 people who were afraid to come to NXIVM aren't exactly  
6 going to --

7 Q That's not my question.

8 THE COURT: That wasn't the question. It was  
9 a pretty simple question, actually, to answer.

10 A Can you repeat the question?

11 Q (By Ms. Dones) Yeah. Do you have any proof, other  
12 than the fact that I received this email, that I  
13 participated in any of this?

14 A No.

15 Q Ms. Bronfman, you've been involved in Barbara Boucheys  
16 legal proceedings, is that not correct?

17 A That's correct.

18 Q And in regards to the claims -- was Barbara Boucheys in  
19 bankruptcy?

20 A Yes, Barbara Boucheys was in bankruptcy.

21 Q And did you and your sister enter in as adversaries  
22 into Barbara Boucheys's bankruptcy?

23 A Yes, we did.

24 MR. CROCKETT: Objection, irrelevant, move to  
25 strike.

1 MS. DONES: I'll get to it --

2 THE COURT: Well, no, you have to explain to

3 me. I do want to know what the relevance is of this --

4 MS. DONES: Well, Your Honor, one of the

5 things that NXIVM and their members do is that they

6 follow what they believe are their enemies into

7 bankruptcies. And in those bankruptcies, they're

8 constantly making 727 claims. Then there's a whole

9 procedure that takes place where they become the

10 trustee police, like saying that we were a part of

11 Suzanne Kemp's will. You know, they entered into our

12 bankruptcy, where Ms. Woolhouse and I had to defend

13 ourselves against that, because we didn't know what

14 they would pull around that.

15 THE COURT: So that's the relevance that you

16 want to bring out? I'm going to sustain the objection.

17 Q (By Ms. Dones) Ms. Bronfman, do you know why NXIVM is

18 pushing to get Ms. Woolhouse's and my entire bankruptcy

19 discharged?

20 A Because you and Ms. Woolhouse have not been -- what we

21 have seen and what we believe, neither of you have

22 upheld the process that would be necessary in order to

23 have your bankruptcy discharged. In our understanding

24 and belief and proof, you have lied about many things

25 in this process. You have lied under oath. You

1           have --

2   Q    But why have our bankruptcy -- I mean, you came into  
3       this before any of this happened. You came into our  
4       bankruptcy and immediately filed 727 claims --

5                   THE COURT: Is there a question, Ms. Dones?

6                   MS. DONES: Yeah. I'm interested in why  
7       NXIVM came into our bankruptcy. She's testifying --

8                   THE COURT: Okay. Ask her that and see if  
9       she --

10   Q    (By Ms. Dones) When NXIVM came into our bankruptcy,  
11       what was their interest in filing 727 claims?

12   A    We believed that you weren't being forthright with the  
13       information you were presenting to the judge.

14   Q    Okay. So you've dropped the Suzanne Kemp thing. How  
15       was NXIVM harmed if I listed a client list that I had  
16       in my possession as zero value?

17   A    Well, yesterday you testified to the fact that you  
18       considered yourself to be owed \$250,000.

19   Q    That's not the question.

20   A    Well, I'm trying to answer the question.

21                   THE COURT: Let her finish her answer,  
22       Ms. Dones.

23   A    (Continuing) So you claimed that the majority of that  
24       value was based on the clients and the business from  
25       the clients. So I think that in and of itself shows

1           the relevancy.

2   Q   Has NXIVM been harmed by the fact that I listed that  
3       student list, not knowing what to do -- if I listed it,  
4       they would come after me, if I didn't list it, they  
5       would say I was withholding. Was NXIVM harmed by me  
6       scheduling that in my bankruptcy at zero value?

7                   MR. CROCKETT: Objection, irrelevant. Harm's  
8       not an element of Section 727.

9                   THE COURT: Repeat the question, Ms. Dones?

10  Q   (By Ms. Dones) Was NXIVM harmed -- was there any harm  
11       to NXIVM based on the fact that I listed that and put  
12       down zero value?

13                   THE COURT: Sustain the objection.

14  Q   (By Ms. Dones) When NXIVM entered into our bankruptcy,  
15       one of their claims was that the defendants knowingly  
16       and fraudulently made false oaths in this case. Do you  
17       have any proof? Have you provided any proof that we  
18       made false oaths on our bankruptcy?

19  A   Yes.

20  Q   And the proof is?

21  A   Number One, that the client list is yours; Number Two,  
22       that the client list has no value; Number Three, that  
23       between you and Ms. Woolhouse, you determined that  
24       Ms. Woolhouse put down the claim of monies that she  
25       believed that was owed to her by NXIVM and you didn't.

1           And that was not an accurate -- the fact that the money  
2           that you believed was owed to you was not accurate, and  
3           Number Two, the fact that Ms. Woolhouse put it on hers  
4           and not on yours, when you're the one who asked for it  
5           in the extortion letter, it seemed to me --

6                       MS. DONES: Move to strike. There has been  
7           no proof that our resignation letter was extortion.  
8           And it's inflammatory towards the defendants.

9                       THE COURT: It's their claim.

10                      MS. DONES: There is no claim.

11                      THE COURT: It's their allegation that it's  
12           an extortion letter. It's an opinion. I'm not going  
13           to -- I'm going to take it for what it's worth,  
14           Ms. Dones.

15    Q           (By Ms. Dones) So do you have any proof that  
16           Ms. Woolhouse and I have been charged by the police or  
17           the prosecuting attorney with extortion?

18                      MR. CROCKETT: Objection, irrelevant.

19                      MS. DONES: She brought it up, Your Honor.

20                      THE COURT: Sustained.

21                      MS. DONES: Your Honor, she brought it up.

22                      THE COURT: She brought up what, Ms. Dones?

23                      MS. DONES: Her opinion of extortion. I'm  
24           just trying to clarify.

25                      THE COURT: Sustained.

1 MS. DONES: I think -- let me just check  
2 here.  
3 Q (By Ms. Dones) Ms. Bronfman, does NXIVM teach that  
4 it's better to make a decision based on accurate  
5 information?  
6 A Yes, it does.  
7 Q And do you believe that NXIVM withholds certain  
8 information from their members, had they known that  
9 information, they could have made a better decision  
10 about whether to get involved with NXIVM?  
11 A No, I don't believe that.  
12 THE COURT: What's the objection,  
13 Mr. Crockett? Sorry?  
14 MR. CROCKETT: I waive it, Your Honor.  
15 Withdraw it, I mean.  
16 THE COURT: I didn't hear your answer,  
17 Ms. Bronfman.  
18 THE WITNESS: I said, No, I don't believe  
19 that.  
20 Q (By Ms. Dones) Is it accurate that you have paid  
21 millions in commodity losses due to Keith Raniere's  
22 trading in the commodities market?  
23 MR. CROCKETT: Objection, relevance.  
24 THE COURT: Overruled.  
25 MS. DONES: I think it goes to the accurate

1 information --

2 THE COURT: I've already ruled. I said it's

3 overruled. Go ahead.

4 A The statement you just made is inaccurate.

5 Q (By Ms. Dones) Have you paid millions of dollars in

6 losses in the commodities markets, commodities trading?

7 A I don't believe that your statement is accurate.

8 Q Have you loaned Nancy Salzman millions of dollars to

9 cover commodities losses?

10 MR. CROCKETT: Objection, irrelevant.

11 THE COURT: Overruled.

12 A No.

13 Q (By Ms. Dones) Have you paid anybody \$68 million to

14 pay lost commodities?

15 A No.

16 Q Have you and your sister paid?

17 A No.

18 Q So it's not true, then, that Keith Raniere lost -- do

19 you have any knowledge that Keith Raniere is a trader

20 in the commodities market?

21 MR. CROCKETT: Objection, irrelevant.

22 MS. DONES: I think it goes back to providing

23 people with information --

24 THE COURT: Overruled. Go ahead,

25 Ms. Bronfman.

1 A It's not accurate that Mr. Raniere is a trader in the  
2 commodities market.

3 Q (By Ms. Dones) Is any NXIVM member is a trader in the  
4 commodities -- or has trading accounts?

5 MR. CROCKETT: Objection, invades privacy.

6 THE COURT: I'm going to sustain that  
7 objection.

8 Q (By Ms. Dones) Do you know if First Principles or  
9 Nancy Salzman has a commodities trading account?

10 MR. CROCKETT: Objection, irrelevant and  
11 invades privacy.

12 THE COURT: I'm going to overrule the  
13 objection.

14 A I believe at one point they may have been, yes.

15 Q (By Ms. Dones) And have you and your sister paid any  
16 monies to Nancy Salzman to cover those commodities  
17 losses?

18 A No.

19 Q Has any of your foundations paid that?

20 A No.

21 Q Have you loaned money to a business that then paid  
22 Nancy Salzman or First Principles to pay that?

23 A No, that's not --

24 Q So you have not covered \$68 million?

25 A Can you repeat the question?



1 Q You have not covered \$68 million in commodities losses?

2 A No, we never covered.

3 Q Okay. So in regards to the commodities, how did you

4 participate?

5 MR. CROCKETT: Objection, irrelevant, invades

6 privacy. Immaterial and irrelevant to the remaining

7 causes of action or claims for relief.

8 THE COURT: Well, isn't one of the bases for

9 the opposition to your injunction, and the reason why

10 they disclosed -- had this video meeting, was because

11 of complaints by these women, including Ms. Woolhouse

12 and Ms. Dones, about commodities losses by Mr. Ranieri?

13 MR. CROCKETT: The --

14 THE COURT: And you want to enjoin them from

15 disclosing that video. And they're saying that --

16 their motive in doing it was that they perceived that

17 NXIVM was being hurt by commodities losses incurred by

18 Mr. Ranieri. It seems to me that that's relevant to

19 the issue of whether you're entitled to an injunction

20 against them using that video.

21 MR. CROCKETT: Well, it's a refinement to

22 what you've just said. We don't -- we consider

23 financial issues involving NXIVM Corporation to be

24 protected material in our opening briefs, as financial

25 information, financial data about a company is

1           protected material under New York law. But if there  
2           are inquiries about Keith Raniere's losses or Nancy  
3           Salzman's losses or somebody else's personal losses or  
4           some other entity's personal losses, First Principle's  
5           or some other entity, that's irrelevant to these  
6           proceedings, and that invades all those folks' privacy.

7                       But if we're talking about commodities losses  
8           NXIVM's made, I can understand how that's fair game.  
9           There aren't any.

10                      THE COURT: If NXIVM money is given to  
11           Mr. Raniere, and he invests it in the commodities  
12           market and loses a bunch of money, you don't think  
13           that's relevant on the question of whether you get an  
14           injunction about them talking about that?

15                      MR. CROCKETT: If NXIVM money has been given  
16           to Keith Raniere to gamble in the commodities market, I  
17           can see how that's possibly relevant. But what if some  
18           it's member, some friend of Mr. Raniere giving  
19           Mr. Raniere or some third party money? That's not  
20           relevant. That invades their privacy. But if it's  
21           NXIVM money, I can understand that.

22                      MS. DONES: Your Honor, the argument goes  
23           both ways. Because if it's an irrelevant, and that  
24           information is on the video, then it's not protected by  
25           NXIVM's confidentiality agreement.

1                   MR. CROCKETT: Well, we've only sought to  
2                   protect material that pertains to NXIVM. And to the  
3                   extent that Mr. Ranieri, of course, is talking about  
4                   NXIVM, things he's saying about NXIVM, sure. But if  
5                   you're talking about private financial relations  
6                   between people that do not involve NXIVM, that's an  
7                   invasion of their privacy, to get this out in the open.  
8                   And it's NOT relevant to these proceedings.

9                   THE COURT: I'm going to sustain the  
10                  objection. You can inquire about whether money from  
11                  NXIVM was used, given to Mr. Ranieri to invest in the  
12                  commodities market, caused losses, which I gather was  
13                  the point of the meeting -- that was one of the  
14                  concerns do.

15                 MS. DONES: That was one of the concerns.

16                 THE COURT: That's a legitimate area of  
17                  inquiry. If they're covering Mr. Ranieri's losses, the  
18                  Bronfmans or anybody else related to the Bronfmans,  
19                  it's not NXIVM -- it's not using with NXIVM money, I  
20                  think Mr. Crockett's point is well-taken.

21                 MS. DONES: Thank you, Your Honor.

22                 THE COURT: How much longer do you have to  
23                  go, Ms. Dones?

24                 MS. DONES: I'm almost there.

25    Q            (By Ms. Dones) Do you have any knowledge that -- do

1           you have any proof that I was mad at Nancy Salzman in  
2           relationship to her refusing romantic advances towards  
3           her?

4    A    The fact that you at up here and lied about your  
5           experience, I think that's --

6                   MS. DONES:  Move to strike.

7                   THE COURT:  I am going to strike that.  The  
8           question was whether you have any knowledge regarding  
9           Ms. Salzman's being hurt by Ms. Dones' advances.  Can I  
10          use that term?

11   Q    (By Ms. Dones)  The question was do you have any proof  
12          or -- do you have any knowledge or any proof that I was  
13          angry --

14                   THE COURT:  Oh, sorry.

15   Q    (By Ms. Dones)  -- that I was angry that Ms. Salzman  
16          didn't return romantic notions towards me?

17   A    Well, there's been a number of destructive acts that  
18          you've done since --

19                   MS. DONES:  That's not -- move to strike.  
20          She's not answering the question.

21                   THE COURT:  I'm going to sustain the  
22          objection -- or grant the motion.  It's a pretty simple  
23          question.

24   A    No.

25                   THE COURT:  Do you have any -- and your

1           answer is no.   Okay.

2                       MS. DONES:   Okay.   Your Honor, I am done with

3           my line of questioning.

4                       THE COURT:   All right.   I'm going to take a

5           break, come back at 1:30.   Ms. Woolhouse, I assume you

6           have a few questions?

7                       MS. WOOLHOUSE:   Yes, I do, Your Honor.

8                       THE COURT:   Okay.   And then I assume you guys

9           may call each other?

10                      MS. DONES:   Yeah, and our bankruptcy attorney

11           is going to come, and we're going to ask him a few

12           questions about his --

13                      THE COURT:   All right.   Just to remind

14           everybody, I have to leave at 4:00 today.

15                      MS. DONES:   We hope we're done before then,

16           Your Honor.   That's our goal.

17                      THE COURT:   All right.   Thank you.   Court's

18           in recess.

19                               \* \* \* \* \*

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

ROBYN OLESON FIEDLER certifies that:

The foregoing pages represent an accurate and complete transcript of the entire record of the digitally-recorded proceedings before the HONORABLE BRIAN D. LYNCH presiding, in the matter of NXIVM v. DONES and WOOLHOUSE; and

These pages constitute the original or a true copy of the original transcript of the proceedings.

Signed and dated this 1st day of December, 2011.

by |s| Robyn Oleson Fiedler  
ROBYN OLESON FIEDLER,  
Certified Court Reporter.

1 UNITED STATES BANKRUPTCY COURT  
2 WESTERN DISTRICT OF WASHINGTON  
3 AT TACOMA

---

4 In re: )  
5 SUSAN FAYE DONES, ) No. 10-45608  
6 Debtor. )  
7 )  
8 NXIVM CORPORATION, a Delaware )  
corporation, )  
9 Plaintiff, )  
10 vs. ) No. 10-04338  
11 SUSAN FAYE DONES, )  
12 Defendant. )  
13 )  
14 NXIVM CORPORATION, a Delaware )  
corporation, )  
15 Plaintiff, )  
16 vs. ) No. 10-04339  
17 KIM MARIE WOOLHOUSE, )  
18 Defendant. )

---

19 TRANSCRIPT OF THE DIGITALLY-RECORDED PROCEEDINGS  
20 BEFORE THE HONORABLE BRIAN D. LYNCH  
21 SEPTEMBER 20, 2011, p.m. session

---

22  
23  
24 Reported by: Robyn Oleson Fiedler  
25 CSR #1931

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

For the Plaintiff:

MR. ROBERT D. CROCKETT  
Attorney at Law  
LATHAM & WATKINS LLP  
355 South Grand Avenue  
Los Angeles, CA 90071  
Phone: 213-891-8254  
bob.crockett@lw.com  
  
and  
MS. TIFFANY SCOTT CONNORS  
Attorney at Law  
LANE POWELL PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101-2338  
Phone: 206-223-7267

Pro Se:

MS. SUSAN FAYE DONES  
MS. KIM MARIE WOOLHOUSE



1	EXAMINATION INDEX	
2	EXAMINATION BY:	PAGE NO.
3	C. BRONFMAN - Redirect Examination by	4
4	Mr. Crockett	
5	WOOLHOUSE - Direct Examination by	6
6	Mr. Crockett	
7	WOOLHOUSE - Cross-Examination by	37
8	Ms. Dones	
9	WOOLHOUSE - Redirect Examination by	44
10	Mr. Crockett	
11	CROCKETT - Direct Examination by	48
12	Ms. Scott	
13	CROCKETT - Cross-Examination by	49
14	Ms. Dones	
15	DONES - Direct Examination by	52
16	Mr. Crockett	
17	DONES - Cross-Examination by	124
18	Ms. Woolhouse	
19		
20		
21		
22		
23		
24		
25		

1                   DIGITALLY RECORDED IN TACOMA, WASHINGTON

2                   SEPTEMBER 20, 2011, p.m. session

3                   --ooOoo--

4

5                   THE COURT: I assume you have some --

6                   MR. CROCKETT: Yes, Your Honor.

7

8                   REDIRECT EXAMINATION

9                   BY MR. CROCKETT:

10    Q    Ms. Bronfman, you mentioned something about the  
11           curriculum being published on the Rick Ross website.  
12           Can you give a little bit more details about that?

13    A    Yes. There's certain curriculum or modules that are  
14           published in the trade secrets that were meticulously  
15           gone through in terms of how much to put in the public  
16           domain. And then what Rick Ross did was actually take  
17           the curriculum and take the modules in their entirety  
18           and publish them on his website. So there was an  
19           individual who came, and she became a coach, and she  
20           handed her student notebook, which had her student  
21           notes and our student notes and some of the facilitator  
22           notes, and that's what he published on his website.

23    Q    So can you compare what he published on his website  
24           versus what a center would likely have in terms of  
25           modules?

1 MS. DONES: Objection. I don't understand  
2 the link between what he published and what we had.

3 THE COURT: Overruled.

4 A A center would have substantially more documents than  
5 what Rick Ross posted on his website. There would be  
6 far more facilitator notes. There would be modules  
7 that the student wasn't privvy to that they would have.  
8 A center head would have all of our curriculum, except  
9 our level 2 curriculum. So there's a substantial  
10 difference.

11 Q (By Mr. Crockett) So Rick Ross, he didn't publish the  
12 entire curriculum?

13 A No, he didn't.

14 Q Is this an accurate statement: NXIVM does not keep an  
15 updated list of coaches?

16 A That is correct.

17 Q Is this an accurate statement: NXIVM members become --

18 MS. DONES: Objection. Counsel's leading.

19 THE COURT: Sustained.

20 Q (By Mr. Crockett) Can you explain to me why you stated  
21 in interrogatory responses that NXIVM -- that a list of  
22 coaches is not possible to maintain -- a list of all  
23 coaches is not possible to maintain?

24 A Yes, because we make a distinction between active and  
25 inactive. And what we were talking to in the

1           interrogatories is that we don't have a list that  
2           denotes inactive versus active. So at any one time, we  
3           can't give an accurate list of the current active  
4           coaches in the organization.

5                     MR. CROCKETT: Thank you. No further  
6           questions.

7                     THE COURT: Okay. You may step down,  
8           Ms. Bronfman. Thank you.

9                     MS. BRONFMAN: Thank you.

10                    THE COURT: But you're not completely  
11           excused. Counsel for the defendants -- or excuse me,  
12           the defendants themselves have asked that you stay on  
13           because they may call you in their own case.

14                    MS. BRONFMAN: I understand. Thank you.

15                    MR. CROCKETT: At this time, Your Honor, I'd  
16           like to call Ms. Woolhouse.

17                    (Ms. Kim Marie Woolhouse was duly sworn.)

18

19                    DIRECT EXAMINATION

20           BY MR. CROCKETT:

21   Q   Ms. Woolhouse, did you have some sort of objection to  
22       hearing something about Keith Raniere having intimate  
23       relations with a member of the board?

24   A   What do you mean by objection? I thought it was a  
25       conflict of interest.

1 Q In what sense?

2 A I don't believe businesses should mix their personal

3 relationships on an executive board.

4 Q How did you meet Ms. Dones?

5 MS. DONES: Objection, relevance.

6 THE COURT: Overruled.

7 Q (By Mr. Crockett) How did you meet Ms. Dones?

8 A I met her when I was attending massage school.

9 THE COURT: I'm sorry, I didn't -- massage

10 school?

11 Q (By Mr. Crockett) And she became your NXIVM coach?

12 A No.

13 Q She was never your NXIVM coach?

14 A No.

15 Q She was never your superior at the Tacoma center?

16 A She was one of the center heads, but she wasn't my

17 coach, no.

18 Q And you recruited her as a center head in the NXIVM

19 organization?

20 A I mean, we ran the center together. I don't know what

21 you mean. She had different responsibilities than I

22 did.

23 Q And you have a domestic relationship with her?

24 A Yes, that's correct.

25 Q It's not a conflict of interest?

1 A I don't understand what your question is.

2 Q Well, does NXIVM take any position in its course work  
3 about the impropriety of sexual relations between  
4 people?

5 A I'm not sleeping with the whole executive board.

6 Q Do you have -- has Mr. Ranieri told you that he's  
7 sleeping with the whole executive board?

8 A He has not told me personally.

9 Q And has the entire -- as of 2009, did every single  
10 member of the executive board tell you they were  
11 sleeping with Mr. Ranieri?

12 MS. DONES: Objection. It's a leading  
13 question.

14 THE COURT: He's entitled to treat  
15 Ms. Woolhouse as an adverse witness. And I'm going to  
16 overrule your objection.

17 A No.

18 Q (By Mr. Crockett) Okay. So did any member of the  
19 executive board, when you were there in 2009, tell you  
20 that they were sleeping with Keith Ranieri?

21 A Yes.

22 Q How many?

23 A Barbara Bouchey.

24 Q One person?

25 MS. DONES: Objection.

1 A But there were other NXIVM members that I heard from,  
2 also.

3 Q (By Mr. Crockett) But Barbara Bouchey was the only  
4 executive board member who told you?

5 A At the time, yes.

6 Q And since then, have the executive board members told  
7 you that they'd been sleeping with Keith Raniere?

8 A I have not been in contact -- I've been --

9 Q Can you answer the question? Have any executive board  
10 members ever told you and Barbara Bouchey that they  
11 were sleeping with Keith Raniere?

12 A Not directly.

13 Q All right. So I guess what I'd like to know is is  
14 there any module or principle of NXIVM's standard of  
15 ethics which state that normal human beings are not  
16 entitled to have intimate relations with others of  
17 their choosing?

18 A I'm not sure if I understand your question.

19 Q Is there any NXIVM teaching or module that says a  
20 normal human being cannot have an intimate relationship  
21 with a person of their choosing?

22 A No, of course not. It doesn't say that.

23 Q Is there any NXIVM teaching that says people are to be  
24 celibate?

25 A No.

1 Q In fact, NXIVM takes no position -- NXIVM does not  
2 advance some sort of Judeo Christian ethics system,  
3 does it?

4 A No.

5 Q Can you turn to the black binder and look at Exhibit 1.  
6 Can you turn to the -- this looks like the  
7 confidentiality agreement that you signed, except it  
8 has Susan Dones' name on it, correct?

9 A I have to make the assumption. I can't verify that it  
10 is, because I know things had been changed.

11 Q Well, it looks exactly like yours. Yours was at --

12 MS. DONES: Objection.

13 Q (By Mr. Crockett) -- P-3. Do you see that,  
14 Plaintiff's 3? Are you aware of any difference between  
15 the two?

16 THE COURT: I'll overrule the objection.

17 A Well, this one has a copyright of 2002. This other one  
18 has no copyright on it.

19 Q (By Mr. Crockett) Other than that, are you aware of  
20 any difference in the content between the two?

21 A I haven't been able to compare both. I'm not sure.

22 THE COURT: Go ahead, Ms. Woolhouse.

23 Q (By Mr. Crockett) Now, as Ms. Dones' domestic partner,  
24 do you feel that you're qualified to say whether or not  
25 you recognize her signature?



1 A I don't understand the question. I'm sorry.

2 THE COURT: I don't need the premise.

3 MR. CROCKETT: It's just foundation, Your  
4 Honor. I'll try again.

5 THE COURT: Yes. It's more than -- it's an  
6 effort to impugn.

7 MR. CROCKETT: Well, not at all, Your Honor.  
8 That's the way to qualify her as a witness.

9 THE COURT: You can make the preparatory  
10 clause.

11 MR. CROCKETT: Your Honor, it's not an  
12 attempt to impugn at all. I apologize.

13 THE COURT: All right. Well, rather than --  
14 why don't you just ask her if she recognizes the  
15 signature, and we'll get on with it.

16 Q (By Mr. Crockett) All right. How long have you known  
17 Ms. Dones?

18 A 17 years.

19 Q All right. Taking a look at that page there, does that  
20 look like her signature above the printed name, Susan  
21 F. Dones?

22 MS. DONES: Objection, asks for a legal  
23 conclusion.

24 THE COURT: Overruled.

25 A On page 1, that does not look like her printing.

1 Q (By Mr. Crockett) No, I'm asking you to look at page 5  
2 where it says page 5 of 7. There's two signatures  
3 there. One appears to be "Susan Dones" and one appears  
4 to be "Lisa Derkes." Do you see that?  
5 A Yes.  
6 Q Does that look like Susan Dones' signature?  
7 A I can't verify for sure that it is hers.  
8 Q Does it look like it?  
9 A It's similar.  
10 Q Now, were you there present at the three-day video?  
11 A Yes.  
12 Q And who else was there?  
13 A The other nine women that resigned and Keith Raniere.  
14 Q They resigned later, correct?  
15 MS. DONES: Objection. The question is  
16 vague.  
17 Q (By Mr. Crockett) Did they resign after the three-day  
18 video?  
19 A We all resigned after the three-day video.  
20 Q All right. And who are these women?  
21 A Barbara Bouchey -- do you want me to list all of them?  
22 Q Yes.  
23 A You don't have that in front of you?  
24 Q No, I don't.  
25 A Barbara Bouchey, Jan Heim, myself, Susan Dones, Kathy

1           Ethier, Sheila Cote, Nina Cowell and -- my mind has  
2           just gone blank. I know there's one more. I can see  
3           her face, and I cannot recall her name. I'm sorry.  
4   Q       Okay. Were any of them former executive board members?  
5   A       Barbara Bouchey was.  
6   Q       Were any of them former coaches or present coaches?  
7   A       I believe all of them were coaches or proctors.  
8   Q       All right. And --  
9   A       Oh, and Angela Ucci.  
10   Q       Angela Ucci. All right. And at that three-day video,  
11           do you remember that the meeting opened with Keith  
12           Raniere asking people to keep things confidential?  
13   A       I don't remember the exact wording.  
14   Q       Do you remember something like that?  
15   A       Something like that.  
16   Q       And do you remember everybody agreeing?  
17   A       I'm not sure if everybody agreed. I know that I  
18           agreed.  
19                   THE COURT: Overruled. And go ahead.  
20   Q       (By Mr. Crockett) Did it appear to you that Ms. Dones  
21           agreed?  
22   A       I don't remember.  
23   Q       Did anybody say, We don't agree?  
24   A       I don't recall hearing that, no.  
25   Q       And at the video, do you remember Mr. Raniere being

1           referred to as Vanguard, in the three-day meetings?

2    A       That was normal for us to refer to him as that.

3    Q       And you did in that meeting; is that correct?

4    A       Yes.

5    Q       And in that meeting, do you recall Mr. Raniere talking

6           about his litigation with Mr. Ross?

7    A       I don't recall that.

8    Q       Have you seen the transcript for that three-day video?

9    A       I haven't read through the whole thing, no.

10   Q       All right. Do you remember Mr. Raniere talking about

11           the arbitrations that he had had in that case?

12   A       I don't remember that.

13   Q       Do you remember any discussions of any arbitrations in

14           that case?

15   A       I don't. I'd have to review the video and look at the

16           transcript. But I have not.

17   Q       All right.

18                   MR. CROCKETT: Your Honor, I'd like to show

19           her the transcript, but I'd like not to enter it into

20           the public record. Would that be acceptable?

21                   MS. DONES: Objection, Your Honor. We have

22           no -- we don't even know if the transcript is valid.

23                   THE COURT: Well, I think if you ask her --

24           I'm not quite sure -- you're asking her to refresh her

25           recollection?

1                   MR. CROCKETT: That's correct.

2                   THE COURT: And you realize that the other

3 side can then ask that it be introduced in the record?

4                   MR. CROCKETT: I object to that, Your Honor.

5 Here are my options, Your Honor. These witnesses are

6 obviously going to say they don't remember anything.

7 So I have to at least --

8                   MS. DONES: Objection, Your Honor.

9                   THE COURT: Ms. Dones, let counsel finish.

10 You will get your chance. But interrupting is

11 inappropriate.

12                  MR. CROCKETT: And I don't say that in a

13 vacuum, because I took Ms. Dones' deposition. So I'm

14 not saying that without any basis. So then my only

15 other option is to ask that the Court examine these in

16 camera and that they not be admitted into evidence.

17 But I'm going through at least a second step and asking

18 if the witness's recollections are refreshed. And if I

19 can't do -- I'm in a trade secrets case. And if I'm

20 I'm not able to at least ask the Court it to look at it

21 in camera or --

22                  THE COURT: You're able to ask. There's

23 nothing stopping you from asking that it be admitted

24 into evidence in camera and not be -- that portion of

25 the evidence not be disclosed to the public. That's an

1 appropriate request, I think, in a case like this. But  
2 I understood you weren't asking me to do that up till  
3 now.

4 MR. CROCKETT: Well, I am -- I would like not  
5 to ask that. I would like to take the second step.  
6 The first step being as far from the second step,  
7 asking the witness to be refresh her recollection. But  
8 if the document is going to be admitted into public  
9 evidence, then I'm not going to do that and I'll then  
10 ask the Court to take these in camera.

11 THE COURT: Well, isn't the other side  
12 allowed -- once you introduce it to try to remember her  
13 recollection, isn't it the option of the other side to  
14 introduce it into evidence -- ask me to introduce it  
15 into evidence?

16 MR. CROCKETT: Yes. And I'd request that  
17 that be denied because it's a trade secrets case.

18 THE COURT: And I don't think that's -- so  
19 bottom line, I cannot guarantee you that if you offer  
20 it for the purpose of refreshing recollection and the  
21 other side asks that it be introduced into evidence,  
22 that it won't be introduced into evidence. Now,  
23 whether at the time I introduce it into evidence I put  
24 some restrictions on its use, that's certainly  
25 possible. But if you want some pre-conditions about

1           its -- before you give it to this witness to refresh  
2           your recollection, then I think you probably ought to  
3           consider asking for that now.

4                   MR. CROCKETT: I'm asking the pre-conditions,  
5           that they --

6                   THE COURT: But then the risk -- to me, I  
7           think you're asking for it to be admitted into  
8           evidence.

9                   MR. CROCKETT: I'm not going to do that  
10          because then I would have no trade secrets case, Your  
11          Honor.

12                  THE COURT: Well, I don't agree. I think you  
13          could have a trade secret -- there's lots of trade  
14          secret cases where evidence has to be received in  
15          camera because it's not the kind of information that  
16          you want to disclose to the general public.  
17          Coca-Cola's recipe, obviously, in a proper case could  
18          be received in evidence in camera and not revealed  
19          anywhere else.

20                  MR. CROCKETT: Then I would ask that it be  
21          received in evidence in camera and not revealed  
22          anywhere else.

23                  THE COURT: Ms. Dones? Ms. Woolhouse?

24                  MS. DONES: Your Honor, I object --

25                  THE COURT: He's asking that it be offered

1           into evidence and that it not be disclosed anywhere  
2           else, I mean, unless there's some further court order,  
3           beyond this trial.

4                   MS. DONES: Your Honor, Ms. Woolhouse will  
5           speak for herself. I'm going to object to that. I  
6           think that if -- it wasn't entered in as an exhibit,  
7           and there's conditions that they want to put around  
8           that, and I think that there are contents within that  
9           transcript that don't fall under any of NXIVM's trade  
10          secrets.

11                   THE COURT: Well, I'm not saying it will be  
12          be found to be a trade secret. All I'm saying is as of  
13          right now, he's asking that it be able to be offered  
14          into evidence in camera so that only the Court, the  
15          witness and the counsel can take a look at the  
16          transcript.

17                   MS. DONES: And I can't say that we won't  
18          come back tomorrow when we're questioning Ms. Bronfman  
19          or cross-examining each other, that we won't ask for it  
20          to be admitted in as evidence.

21                   THE COURT: Well, I'm assuming that you will  
22          ask that it be admitted into evidence. But it would be  
23          admitted into evidence in camera, meaning you can't  
24          take -- somebody going to the court file could not see  
25          this exhibit. It would have to be maintained in



1 camera, sealed, not unlike what you've done in the  
2 past, and not available to the general public, which  
3 who would want to see exhibits to this case.

4 MS. DONES: Well, I would request that we do  
5 the same thing that we've done with the protective  
6 order, then, is we designate parts of it that are -- if  
7 there are trade secrets in there, that only those parts  
8 be designated in camera and that the rest of it be  
9 available to the public.

10 THE COURT: Well, I'm not ruling on whether  
11 or not its a trade secret and whether it's entitled to  
12 be treated as a trade secret. I'm merely saying that  
13 for the moment, until the Court makes a determination,  
14 it's going to be received in camera. That's what I'm  
15 being asked to do, and I'm asking you whether you have  
16 any opposition to that before I do it.

17 MS. DONES: What my opposition is is that if  
18 we deem that, based on the testimony, that we believe  
19 that it should be admitted fully into evidence, that  
20 we're going to request that. And so just that  
21 Mr. Crockett isn't going to say that, you know, we all  
22 agreed to this, because that's not what I agreed. This  
23 is a public trial. And if there's trade secrets in  
24 there, then I agree that those trade secrets should not  
25 be made public. But the rest of it is a public

1 document.

2 MS. WOOLHOUSE: Can I ask a question?

3 THE COURT: Yes.

4 MS. WOOLHOUSE: With respect to what you

5 said, I'm not sure if I understand the consequences if

6 I oppose that, if I oppose what --

7 THE COURT: Well, you can oppose it and say,

8 if you're going to offer it for any purpose, we want to

9 be able to admit it into evidence without any

10 conditions, without it being held in camera. That's

11 the real gist right now. You're not acknowledging that

12 somehow it's trade secrets by allowing its admission

13 under the in camera restriction. It's just that we

14 have to do this -- there's an allegation that the

15 information contained in here is trade secrets,

16 confidential information that should not be disclosed

17 to the public. They want to be able to make their

18 case, and I think that to do that, they need to not

19 only, one, disclose it for purpose of this trial, but

20 also keep it held sealed or in camera so that no one

21 else can look at this document that isn't a party to

22 the action.

23 MS. WOOLHOUSE: Okay. Is there any

24 consequence if it is found that it's not trade secrets,

25 if we go ahead and --

1                   THE COURT: Well, if it's not found to be  
2                   trade secrets and confidential covered by some --  
3                   either the agreement, the confidentiality agreement, or  
4                   some other agreement, then it may be -- I mean, there  
5                   would nothing prescribing you -- and I don't enter an  
6                   injunction, then there would be nothing prescribing you  
7                   from turning that video over.

8                   MS. WOOLHOUSE: Well, that's not my --

9                   THE COURT: Well, we're just not deciding  
10                  that at this point.

11                  MS. WOOLHOUSE: Right. Understood.

12                  THE COURT: Okay. Is that clear enough? So  
13                  I'm granting your request that, for the time being,  
14                  it's received in camera, subject to my determination of  
15                  whether or not this exhibit is covered by the  
16                  confidentiality agreements that are the basis for your  
17                  claim.

18                  MR. CROCKETT: And then may I approach the  
19                  clerk with the exhibit?

20                  THE COURT: Yes.

21                  MR. CROCKETT: This will be -- may I approach  
22                  the witness with a copy?

23                  THE COURT: Yes. So it's important that we  
24                  keep track of this through the exhibits and not leave  
25                  the courtroom.

1 Q (By Mr. Crockett) Now, Ms. Woolhouse, when you were  
2 reading the transcript previously, did you think in  
3 your mind that you had a problem with the accuracy of  
4 the transcript?

5 A I'm not sure how I could authenticate this was really  
6 the transcript.

7 Q Well, I mean, you were there at the three-day meeting,  
8 right?

9 A That's correct.

10 Q And when you were reading the transcript to yourself,  
11 did you think there are things in there that just  
12 didn't happen?

13 A I don't recall everything that happened in that three  
14 days, so --

15 Q No, that's not my question.

16 A So reading the transcript --

17 Q That's not my question. My question is a little  
18 different. When you were reading the transcript that  
19 was provided to you in discovery, did you think to  
20 yourself as you were reading it, oh, my goodness, I'm  
21 reading something in there that just didn't happen?  
22 Did you ever think that?

23 A Yes, I did.

24 Q You did?

25 A Yes, I did.

1 Q On what topic?

2 A Do you want to go through it? I mean, I can go through  
3 it with you. There is a lot here that I don't recall.

4 Q And you just don't recall it happening? You think the  
5 transcript was just made up?

6 A I don't know how to authenticate. That's two different  
7 things.

8 Q Well, I'm not asking you to authenticate the  
9 transcript. What I'm asking you to do is is there a  
10 subject matter that you recall when you're reading the  
11 transcript, that you say to yourself, I just don't  
12 remember that happening?

13 A I have had problems with my memory as a result of  
14 post-traumatic stress disorder that I'm seeing a  
15 therapist for. So that's not an uncommon dilemma.

16 Q Well, okay. So name, I guess, the top item in the  
17 transcript, when you read it, that you thought to  
18 yourself, that just didn't happen?

19 A I can go through it with you --

20 Q No, without looking at it.

21 A I don't recall.

22 MS. DONES: I'm going to object. It assumes  
23 she read the transcript.

24 MR. CROCKETT: She said she did.

25 MS. WOOLHOUSE: No, I didn't.

1                   THE COURT: I have a question for my own  
2                   edification. When we say, have you read the  
3                   transcript, are we talking about this transcript that  
4                   you're handing to me?

5                   MR. CROCKETT: Exhibit 36.

6                   THE COURT: Was it given to her in her  
7                   deposition or -- how did she get it?

8                   MR. CROCKETT: She previously testified that  
9                   she had it and looked at it, and it was provided in  
10                  discovery.

11                  THE COURT: Okay. The transcript was  
12                  provided in discovery, and you read some of it, but not  
13                  all of it?

14                  MS. WOOLHOUSE: Correct, but that was only  
15                  provided just recently, not at my deposition.

16                  THE COURT: Like how many days ago are we  
17                  talking about? When was this disclosed?

18                  MR. CROCKETT: It was at Ms. Dones'  
19                  deposition, which was a few weeks ago.

20                  THE COURT: Okay. All right. I'm overruling  
21                  your objection.

22                  Go ahead, Mr. Crockett.

23        Q        (By Mr. Crockett) All right. So is it correct to say  
24                  you don't recall Mr. Raniere speaking to you about the  
25                  -- his legal issues?

1 A That's correct.

2 Q And you don't recall him -- take a look at page 4,  
3 which is really the first page in there. And you'll  
4 see on page 4, line 22, he's talking about -- he's  
5 starting to talk about the lawyers for the company and  
6 the amounts spent on the lawyers. Do you see that?

7 A Yes.

8 Q Does this refresh your recollection that there was some  
9 discussion of legal matters?

10 A I don't recall hearing this. I'm reading it now, yes.

11 Q And you just don't recall any discussion at all about  
12 legal matters?

13 A I don't recall.

14 Q Did you discuss any -- anything in the -- do you recall  
15 anything in the transcript about complaints that there  
16 was a conflict of interest in the board?

17 A Yes, I do recall that.

18 Q And do you recall the complaint that there was a  
19 conflict of interest by reason of the Bronfmans'  
20 participation as major funders?

21 A No, I don't recall that. I recall my conflict of  
22 interest being a personal one.

23 Q A personal issue involving people's sexual histories;  
24 is that correct?

25 A That's one of them, yes.

1 Q And there was -- were there other conflicts of interest  
2 discussed?

3 A There were many conflicts of interest. I don't know if  
4 they were all discussed.

5 Q But you recall at least more than one conflict of  
6 interest discussed.

7 A Only from I had personal conflicts of interest with  
8 some of the topics brought up, yes.

9 Q And who were the persons that you thought that were  
10 guilty of conflicts of interest, at least as expressed  
11 in this three-day session?

12 A Well, I believe --

13 MS. DONES: Objection, hearsay. She can  
14 speak to hers, but not everybody else's.

15 THE COURT: Overruled.

16 A (Continuing) Oh, Keith Raniere's participation was  
17 definitely a conflict of interest for me.

18 Q (By Mr. Crockett) Who else?

19 A Keith Raniere and -- mostly Keith Raniere, because he  
20 had the leadership -- he claimed to have the leadership  
21 responsibilities. So I put the onus on him that he has  
22 the majority of the conflict.

23 Q All right. And did you perceive him to be NXIVM's  
24 leader when you were there at the meeting?

25 A I know he is talked about as being the philosophical



1 founder. And at the time I really did believe that he  
2 oversaw and made decisions as the leader of the  
3 company. And I have heard him claim that as the leader  
4 of the company, he has the most responsibility.

5 Q All right. So you say there were conflicts of interest  
6 discussed at the three-day meeting. Without discussing  
7 the conflicts of interest, can you explain the other  
8 conflicting parties? If there's conflicts, there's got  
9 to be a conflict with somebody else, right? Who was  
10 the conflict with?

11 A Well, one of them would be with Barbara Bouchev, who  
12 was on the executive board.

13 Q And who else? Was there anybody else who he was in  
14 conflict with, as discussed at the meeting?

15 A Well, Angela Ucci and Kathy Ethier. All of us,  
16 actually -- well, no, that's not true. Nina Cowell,  
17 Susan and myself.

18 Q So there were discussions at that meeting about those  
19 parties' conflicts of interest in the company; is that  
20 correct?

21 MS. DONES: Objection, hearsay.

22 THE COURT: I'm confused. There were  
23 discussions among the people that she identified about  
24 the Bouchev/Raniere conflict?

25 MR. CROCKETT: No. I'm trying to determine

1           at the meeting whom she recalls were the conflicting  
2           parties discussed. We've heard Raniere and Bouchey.  
3    Q       (By Mr. Crockett) Is it correct to say that other  
4           parties' conflicts of interest with Keith Raniere were  
5           also discussed?  
6    A       I'm not sure if I understand your question.  
7    Q       All right. So the conflict of interest between Barbara  
8           Bouchey and Raniere, that was discussed, correct?  
9    A       Yes.  
10   Q       And was the conflict of interest between somebody else  
11           and somebody else discussed at the meeting?  
12   A       I don't recall.  
13                       MS. DONES: Objection --  
14   A       (Continuing) I don't recall. I'm not sure what you're  
15           asking, actually.  
16   Q       And do you want to make public today the discussion of  
17           the conflict of interest between Keith Raniere and the  
18           executive board member?  
19   A       I don't understand your question. I'm sorry.  
20   Q       Well, you did agree to keep things confidential, right?  
21           Right?  
22   A       Well, I didn't sign anything. But I think at the time  
23           -- when we met, it was a very unusual meeting. We have  
24           never, ever, in my --  
25   Q       Wait a minute. All I'm asking you is you do recall

1 giving your word that you were going to keep the  
2 matters confidential, correct?

3 A I shook my head.

4 Q Yes. All right. And so what part of the conflict of  
5 interest charge, without discussing it specifically, do  
6 you want to now make public?

7 MS. DONES: Objection. It's leading.

8 A I'm not what sure --

9 Q (By Mr. Crockett) Do you want to violate your  
10 agreement to --

11 THE COURT: Objection overruled.

12 Q (By Mr. Crockett) Do you want to violate your  
13 agreement to keep the three-day video confidential?

14 A That's assuming that there's a legal --

15 THE COURT: I think you're mischaracterizing  
16 -- if she's being called by you as a witness, and you  
17 want to ask her about it, I don't think you can call  
18 that violating any agreement where you have to keep it  
19 confidential.

20 MR. CROCKETT: You're right. Let me ask  
21 again.

22 THE COURT: I mean, you called her as a  
23 witness.

24 MR. CROCKETT: Yeah.

25 THE COURT: You're asking her about it, and

1           then you're going to cite the agreement in the --

2                       MR. CROCKETT:  No.  Let me do this, Your

3           Honor.

4   Q       (By Mr. Crockett)  Is it your intention to, when this

5           case is over, broadcast to the third party or the world

6           the conflict of interest discussion in that three-day

7           video?

8   A       No.  I haven't.

9   Q       I mean, is it your intention to do so?

10  A       No.  I haven't.

11  Q       Do you think that the discussion that was held about

12           the conflicting interests of the board member and Keith

13           Raniere was a personal and private thing to be

14           discussed?

15  A       Up until it involved my business with the company.

16  Q       So at the time of the meeting, it was a confidential

17           and private thing between all of you, correct?

18  A       At the time, in the beginning of the meeting, yes, I

19           think we really respected what was shared.

20  Q       All right.  And in the three-day meeting, were there

21           discussions about issues involving the Bronfmans'

22           financial participation?

23  A       I don't recall that at all.

24  Q       Do you recall people saying, we object to the influence

25           that the Bronfmans have, and let's figure out a

1 different way to do things?

2 A I don't recall that.

3 Q Do you recall complaints about the management style of

4 NXIVM's president?

5 A I don't recall the specifics of that. Generally, yes.

6 They were general.

7 Q All right. So there were complaints lodged about the

8 way the company's president was treating the company's

9 coaches; is that correct?

10 A I'm sorry. I don't recall the specifics. I recall

11 there was general questions about that.

12 Q And do you think that that's -- at the time, did you

13 think that that was a matter of private company

14 business, not to be broadcast?

15 A That didn't even come to mind.

16 Q Well, I mean, did you think at the time that you were

17 hearing these ongoing discussions about the president's

18 conduct towards various coaches, do you think that that

19 was the sort of thing that deserved to be broadcast to

20 the public?

21 A I understood at the time there was a certain protocol

22 that I wouldn't share that, because we were taught that

23 nothing goes down line. It only stays at the same

24 level or goes up line.

25 Q And so you believed in that principle when you were at

1           the meeting, correct?

2    A    Well, I was taught well.

3    Q    Okay. And after this case is over, do you intend to

4           tell reporters or the press or third parties about your

5           -- about what was said about the company's president's

6           management style?

7    A    Of course not.

8    Q    Were there complaints in the three-day meeting about

9           the -- I keep calling it a hearing. It's terrible. I

10          apologize. Do you recall discussions at that meeting

11          about the fact that NXIVM was being too secretive about

12          its business?

13   A    Well, I think my personal conflict was if I had known

14          what I was learning, that --

15   Q    Well, that's not what I'm asking. I'm just asking if

16          you recall the --

17   A    I don't recall.

18   Q    Okay. You don't recall somebody, a former member of

19          the board, arguing that NXIVM should change its

20          corporate policy and make things more transparent?

21   A    I don't recall. I know we had discussions that Keith

22          talked about that, but I don't recall any specifics.

23   Q    All right. So you recall some discussions about

24          corporate secrecy and transparency in that meeting,

25          correct?

1 A Yes.

2 Q And is it your understanding, as you look back on it  
3 today, that NXIVM has a policy of keeping certain  
4 things secret?

5 A Yes, I guess.

6 Q What kind of things --

7 A Well, I don't know if we would call it secret, but they  
8 have their confidentiality agreement.

9 Q And you signed one, correct?

10 A Well, yes, of course.

11 Q Do you think it would be entirely possible that  
12 Ms. Dones would have gone through the entire process  
13 without signing the confidentiality agreement that you  
14 signed that I showed you?

15 A No.

16 Q And do you recall at the meeting, there were  
17 discussions about various people arbitrating disputes  
18 between Barbara Bouchev and Nancy Salzman and anything  
19 like that?

20 A I don't recall that.

21 Q Now, have you had discussions with Ms. Bouchev about  
22 the recent emails that have appeared in the exhibit  
23 list?

24 A No.

25 Q She's not had any discussions about that with you?

1 A No.

2 Q Have you -- do you recall participating in conference  
3 telephone calls with Joe O'Hara and others to discuss  
4 NXIVM strategy?

5 A No, I don't.

6 Q You were not involved in any of those calls?

7 A I don't recall any of those. I stopped talking to  
8 Barbara over a year ago.

9 Q Well, this would have been before a year ago. I guess  
10 what I'm interested in was do you recall participating  
11 in conference calls where there was a strategy to file,  
12 for instance, false reports with government agencies  
13 about a person in NXIVM who was a mother?

14 A Absolutely not.

15 Q You don't recall any?

16 A No.

17 Q Any discussions about filing false reports like that?

18 A No, absolutely not.

19 Q Could I ask you to turn to Exhibit P-27 in the black  
20 binder? Do you recall seeing this email where Joe  
21 O'Hara is telling Susan Dones to contact Child  
22 Protective Services in New York?

23 A No.

24 Q You had no discussions with her about that?

25 A No. This is totally new to me.



1 Q Has Ms. Dones ever told you that she recommended a  
2 strategy of filing a false report with health services  
3 in New York of food poisoning to disrupt a NXIVM family  
4 values seminar?

5 MS. DONES: Objection, hearsay.

6 THE COURT: Overruled.

7 Q (By Mr. Crockett) You realize you're under oath,  
8 right?

9 A Yes.

10 Q Okay. And it's a very serious matter?

11 A I understand.

12 Q Did Ms. Dones ever say to you, I have this strategy of  
13 filing a report with health services in New York of a  
14 false food poisoning to disrupt a family values  
15 seminar?

16 A No.

17 Q Do you think that NXIVM took steps to protect its  
18 modules from public disclosure?

19 A I know they have their confidentiality agreement.

20 Q And do you remember that the Court ordered Ms. Dones to  
21 turn over the confidential material, the student  
22 material that she had, the course materials?

23 A Yes.

24 Q Do you know, also, that she has retained a lot of that  
25 material on her computer?

1 A Well, yes, we found out we had some electronic  
2 documents still, but we submitted those and told the  
3 Court about them.

4 Q Do you maintain a shared computer with her?

5 A No.

6 Q But you know that she maintained it on her computer?

7 A Yes.

8 Q And did you see her undertake a process where she wrote  
9 them to a DVD and destroyed what she had on her  
10 computer and turned over the rest as the Court ordered?

11 A No. My understanding was we were waiting for the Court  
12 to -- we didn't want to destroy evidence and then be  
13 found guilty of destroying NXIVM materials. So we'd  
14 been waiting for the Court to decide what do we do with  
15 this information. So that was all submitted, and we  
16 were very open and honest about that.

17 Q Do you know that after the injunction, that Ms. Dones  
18 submitted a confidential business plan to Joe O'Hara to  
19 give to the New York State Attorney General's Office?

20 A No, I wasn't.

21 Q She's had no discussion with you about that at all?

22 A We lead very different lives. I have been very busy  
23 working just to pay bills.

24 Q Do you know that Ms. Dones uses an email pseudonym  
25 known as Judit, with no "H", Ackerman?

1 A No.

2 Q Have you ever heard that name before?

3 A Never.

4 MR. CROCKETT: All right. I have no further

5 questions.

6

7 CROSS-EXAMINATION

8 BY MS. DONES:

9 Q So Ms. Woolhouse, when's the last time you reviewed the

10 three-day meeting video?

11 A I don't recall that, actually.

12 Q And did you take the -- did you go completely through

13 the transcript of the video?

14 A No.

15 Q And did you go through the transcript of the video --

16 the transcript of the video by watching the video with

17 it?

18 A No.

19 Q So you have no ability to say whether the transcript is

20 accurate to the actual video?

21 A That's correct.

22 Q In regards to NXIVM, when you entered into NXIVM, were

23 there a lot of married couples in NXIVM?

24 A There were couples, yes, married couples.

25 Q Was most of the upper leadership married?

1 A No. And that was puzzling to me.

2 Q So in regards to that, were people open about their  
3 relationships?

4 A No. I remember asking, and it was very, very  
5 hush-hush.

6 Q So did relationships seem to be kind of a secret?

7 A Yes. Well, in my opinion, it seemed to be very  
8 secretive, yes.

9 Q And in regards to the three-day videos, have you and I  
10 made an agreement that we would relinquish any right  
11 that we have to the video and turn it back over to  
12 NXIVM?

13 A I mean, if ordered to do so.

14 Q Do you remember the preliminary injunction that we  
15 presented the Court with?

16 A Yes.

17 Q And in there did it not say that we would give up the  
18 video?

19 A Yes.

20 Q And turn that back?

21 A That's correct.

22 Q Do you know of anybody else who has a copy of that  
23 video?

24 A I think it was subpoenaed in other cases, but I don't  
25 remember which.

1 Q Do you know if Barbara Bouchey has a copy of the video?

2 A I believe she -- I don't know. I believe she does, but

3 I don't know.

4 Q And who was the video subpoenaed by?

5 A I think it was --

6 MR. CROCKETT: No foundation.

7 THE COURT: Do you know whether anybody

8 subpoenaed it?

9 MS. WOOLHOUSE: I've heard, but I don't have

10 firsthand knowledge. But I thought it was The Rick

11 Ross Institute.

12 THE COURT: I'll sustain the objection.

13 Q (By Ms. Dones) Do you know if I gave a copy of the

14 video to NXIVM through Patrick Green, an attorney in

15 Albany, New York?

16 A Yes, I remember that.

17 Q Would you say that NXIVM leaders have secrets other

18 than their trade secrets?

19 A Yes.

20 Q And when you found out the secret of Keith Raniere's

21 sexual relationship with Barbara Bouchey, were you

22 shocked by that?

23 A I was.

24 Q And were you shocked by how much money Barbara Bouchey

25 had lost in relationship to Keith's commodity trading?

1                   MR. CROCKETT:  Objection, not relevant unless  
2           it's contained in the video.  Objection.

3                   MS. DONES:  I think it's on the video.

4                   MR. CROCKETT:  Well, let her testify.

5   A    I was very much shocked.

6                   THE COURT:  All right.  Go ahead.

7   Q    (By Ms. Dones)  Do you have any knowledge whether I  
8           gave Joseph O'Hara a confidential business plan?

9   A    No.

10  Q    And do you have any knowledge that the coach and  
11           student notes that we found during discovery were  
12           actually on my computer?

13  A    No.

14  Q    And when we ran the center, did you have a computer  
15           that the coach notes were on?

16  A    Yes.

17  Q    And do you currently use that computer?

18  A    I believe it's the same one.  I think so, yes.

19  Q    When did you get an updated computer?

20  A    I think it was -- I don't remember.

21  Q    Isn't it true that there was a computer up in the attic  
22           that I pulled down, and that's where we found the coach  
23           and student notes on?

24  A    Yes.

25  Q    And when was the last time you used that computer?

1 A It would have been before our resignation in 2009.

2 Q And do you remember me telling you that I had found

3 information attached to emails that I was surprised

4 that I even had?

5 A Yes, mm-hmm.

6 Q And once we found that we had that material, what did

7 we decide to do?

8 A We wanted to bring it out to the Court to let them know

9 that we found these.

10 Q And did we give a copy of that to NXIVM immediately?

11 A Yes.

12 Q And we alerted the Court that we had that?

13 A That's correct.

14 Q And have we agreed that when the Court gives us

15 permission, that we'll -- since we've already turned

16 that over in discovery, that we'll destroy that and

17 will wipe it off of our harddrive?

18 A Yes, that's my understanding.

19 Q Do you have any knowledge of intent by me to use

20 NXIVM's training materials for any personal or

21 professional reasons?

22 A Absolutely not.

23 Q Do you have?

24 A Absolutely not.

25 Q And why is that?

1 A Because it's never been my intent to involve myself  
2 legally this way. And I would just like to get on with  
3 my life and have this behind me.

4 Q And have you heard of me plotting to destroy NXIVM?

5 A Never.

6 Q And have you heard of me plotting to repackage NXIVM's  
7 materials and use it in the future in my own training  
8 program?

9 A Never.

10 Q Have I ever talked to you about any desire to teach my  
11 own human potential program?

12 A No. Actually, just the opposite.

13 Q And am I currently receiving any money from coaching,  
14 training, any of that kind of stuff?

15 A No.

16 Q And have I since I left NXIVM?

17 A No, never.

18 Q And have you given any of NXIVM's materials to the  
19 press?

20 A Absolutely not.

21 Q Do you have of any article that has any of their trade  
22 secrets or other materials that have been put out to  
23 the press?

24 A There are none that I have been able to find.

25 Q And when I put together an email and sent it out with a



1 link of the video where Keith Raniere states that he's  
2 had people killed, did I clue you in that I was even  
3 going to do that?

4 A I didn't even know that you were doing that. And I  
5 don't think you included me on that email. So I found  
6 out after the fact.

7 Q And then when you found out after the fact, do you  
8 recall why I felt it was necessary to do that?

9 A Well, because I wasn't involved with it and I didn't  
10 have anything to do with that.

11 Q And NXIVM markets themselves as a humanitarian program?

12 A That's correct.

13 Q Do you have any knowledge of any humanitarian projects  
14 that they've done?

15 MR. CROCKETT: Objection, irrelevant.

16 THE COURT: I agree. Sustained.

17 Q (By Ms. Dones) Would you consider the information that  
18 you have found out about Keith Raniere upholds the  
19 leader that you believed he was?

20 MR. CROCKETT: Objection, irrelevant.

21 THE COURT: Sustained. I the objection, so  
22 you can --

23 MS. DONES: She doesn't understand that what  
24 means.

25 That's all the questions I have at this time,

1           although I do reserve the right to call Ms. Woolhouse  
2           back as my own. And I don't know if she has any  
3           statements she wants to make on her own.

4                     THE COURT: Go ahead, Mr. Crockett, if you  
5           have any rebuttal questions.

6                     MR. CROCKETT: Yes, Your Honor.

7                     MS. DONES: Excuse me, Your Honor, but before  
8           does Ms. Woolhouse have a right to testify on her own  
9           behalf?

10                    THE COURT: Well, she could, but it would be  
11           not as part of the plaintiff's case.

12

13                             REDIRECT EXAMINATION

14           BY MR. CROCKETT:

15   Q       Well, Ms. Woolhouse, I do recall some questioning about  
16           an additional fact in the transcripts, and that has to  
17           do with some losses? Do you remember Ms. Dones asking  
18           you that?

19   A       I'm sorry, about what?

20   Q       Financial losses.

21   A       With NXIVM?

22   Q       Yes. Do you remember Ms. Dones asking you questions  
23           about Mr. Ranieri and some financial losses?

24   A       Just now?

25   Q       Yes. Do you remember that?

1                   THE COURT: About the Bouchey losses?

2   Q    (By Mr. Crockett) Yes, the Bouchey losses.

3   A    Oh, yes.

4   Q    Okay. So there were some financial issues discussed in

5       the transcript?

6   A    Just that Barbara had --

7   Q    I don't want to hear the details, but do you recall,

8       "yes" or "no", that there were financial losses that

9       were discussed?

10  A    I recall that particular part because it was with

11       Barbara Bouchey's claims.

12  Q    And do you think that was a confidential matter when it

13       was discussed?

14  A    I don't know.

15               MR. CROCKETT: I have no further questions.

16               THE COURT: Okay. Ms. Woolhouse, you may

17       step down.

18               Ms. Dones has indicated she may call you as a

19       witness, and obviously you're going to be here, so --

20               MS. DONES: Don't go very far.

21               THE COURT: Don't go anywhere.

22               MR. CROCKETT: At this time, Your Honor, I

23       would move into evidence, in camera -- Exhibit 36 is

24       the transcript. If it's not accepted, I have a witness

25       to authenticate it.

1                   THE COURT: Do the parties object to Exhibit  
2                   36, what purports to be a transcript of the video, the  
3                   three-day video in April of 2009 of the meeting with  
4                   Mr. Ranieri? Do you object to the receipt of this  
5                   document into evidence, Exhibit 36?

6                   MS. DONES: I'm sorry, we don't have it.

7                   MR. CROCKETT: I handed it to you. It's in  
8                   front of you.

9                   MS. DONES: Oh, this? Do we have any  
10                  objection?

11                  THE COURT: Yes.

12                  MS. DONES: If we don't have an objection  
13                  now, can we bring it up about it in regards to -- if we  
14                  agree, does it mean it's just for now forever in  
15                  camera?

16                  THE COURT: No. It means that for the time  
17                  being, until I make a determination of whether or not  
18                  it falls within some confidential document that's  
19                  entitled to protection, it can't be revealed. If I  
20                  making a determination at the end of the case that it's  
21                  not entitled to protection, then there would be nothing  
22                  prohibiting you from taking the video out. If I -- and  
23                  sending it out anywhere you want to.

24                  MS. DONES: That's not going to happen. And  
25                  again, I don't know the implications in regards to

1           this --

2                   THE COURT: Well, it would be admitted into  
3           evidence. Essentially, they are offering it as a  
4           transcript of the video of the three-day meeting with  
5           Mr. Ranieri back in April of 2009.

6                   MS. DONES: Well, Your Honor, we can't  
7           authenticate that it is actually, indeed, the  
8           transcript. I mean, if they want to submit this, then  
9           I'm going to ask to submit the three days of videos as  
10          in camera. So if they want to submit this as an  
11          exhibit, they --

12                  THE COURT: I mean, it hasn't been  
13          authenticated. If they agree, it could come into  
14          evidence.

15                  MR. CROCKETT: She can put the three-day  
16          video in, if she agrees that the transcript goes in.  
17          That's fine. I don't have a problem with that.

18                  THE COURT: Is that okay with you, Ms. Dones?

19                  MS. DONES: I guess I feel like I should  
20          object. But I don't know on what grounds I would  
21          object. It's like a gut feeling. Call it a pro se gut  
22          feeling that I should object. So I'm going to object.

23                  THE COURT: And what's the basis for your --

24                  MS. DONES: I knew you were going to ask me  
25          that. Because we don't know if it's authenticated.

1 And so there's no way to authenticate whether this --  
2 THE COURT: Okay. Their objection --  
3 Mr. Crockett has indicated that he can authenticate it,  
4 and I'm going to let -- I'm going to sustain her  
5 objection.  
6 MR. CROCKETT: All right. Your Honor, I'll  
7 turn over the questioning to Tiffany Scott.  
8 MS. SCOTT: Your Honor, I'd like to call  
9 Mr. Crockett to the stand.  
10 MS. DONES: Do I get to cross-examine him?  
11 MR. CROCKETT: Yes, you do.  
12 THE COURT: All right. This is not a place  
13 where we have colloquy between counsel.  
14 MS. DONES: I'm sorry, Your Honor.  
15 THE COURT: Thank you. Comments should be  
16 addressed to the Court.  
17 MS. DONES: I apologize.  
18 THE COURT: Go ahead, Ms. Scott.  
19 MS. SCOTT: Do you need to swear him in?  
20 THE COURT: Thank you.  
21 (Mr. Robert Crockett was duly sworn.)  
22  
23 DIRECT EXAMINATION  
24 BY MS. SCOTT:  
25 Q Mr. Crockett, where did you get the copy of the

1           three-day video?

2    A       From Susan Dones.

3    Q       Do you recognize anyone on the video?

4    A       I have met Barbara Bouchey. I recognize her. I've met

5           Susan Dones. I recognize her. I've met Keith Raniere.

6           I recognize him. At the time I looked at the video, I

7           did not know Ms. Woolhouse, so I can't say whether

8           today I recognize her or not. And the other women I

9           didn't recognize.

10   Q       Have you compared the video to the transcript submitted

11           to the Court?

12   A       Yes. I've looked at the entirety of the video, and

13           I've read the transcript multiple times. And there's

14           no difference.

15                       MS. SCOTT: No further questions, Your Honor.

16                       THE COURT: Okay. Ms. Dones, any questions?

17           Bear in mind that the questions have to relate to the

18           questions Ms. Scott asked. You don't get to ask

19           Mr. Crockett whatever you'd like to.

20

21                       CROSS-EXAMINATION

22           BY MS. DONES:

23    Q       Mr. Crockett, did you go through the complete entire

24           transcript, word by word, as you watched the video?

25    A       Not in every segment. In the most important ones, the

1 segments that were most important to me in terms of the  
2 details, yes. But sort of the irrelevant colloquy, I  
3 didn't compare word for word.

4 Q And this transcript was not provided in seal?

5 A And I should amend that I had the transcript while I  
6 was looking at the video. So I didn't see any  
7 differences. But what was your next question?

8 Q The transcript itself was not presented in seal to the  
9 Court?

10 A It's never been presented to the Court under any  
11 circumstances except today.

12 Q Correct. And so is there a way to verify the chain of  
13 custody in regards to the transcript to make sure that  
14 nothing was changed on the transcript?

15 A Well, I got it from a certified court reporter, and her  
16 certification is attached to the transcript.

17 Q I didn't see that. There's a certification in here.  
18 It's not signed. I think when I looked through it,  
19 there was three certifications. None of them were  
20 signed.

21 A You might recall that I provided you a copy of the  
22 original transcript, which has the certifications.  
23 This is a condensed version of the certifications.

24 Q Right, and I gave you that transcript back because you  
25 had made notes in it, is that not correct, at the date



1 of deposition, and this was sent to me via email?

2 A Okay.

3 Q So I haven't seen any signature that verifies this.

4 A In think event, I looked at the entire transcript and

5 was following along generally as the thing was

6 unfolding.

7 Q And do you have a copy of the transcript that is

8 certified?

9 A Not with me today, no.

10 MS. DONES: Okay. That's all my questions,

11 Your Honor.

12 THE COURT: All right. You may step down,

13 Mr. Crockett.

14 I assume Ms. Scott has no more questions?

15 MS. SCOTT: No more questions, Your Honor.

16 MR. CROCKETT: And at this time, Your Honor,

17 we'd move to admit 36.

18 THE COURT: Any other opposition, Ms. Dones?

19 MS. DONES: Well, again, we still don't have

20 a certified copy. So again, it goes back to

21 authenticity.

22 THE COURT: I'm going to allow it in.

23 Mr. Crockett's testified that he's read it as he was

24 watching the video and it's accurate, and I'm going to

25 take his representation under oath.

1                   MR. CROCKETT: Thank you, Your Honor. At  
2                   this point in time I'd like to call Ms. Dones.

3                   MS. DONES: Is it possible, Your Honor, we  
4                   could just have a quick break? Five minutes is all I  
5                   need.

6                   THE COURT: Yes. But I'm not leaving the  
7                   bench. So as soon as you're back, Ms. Dones, we'll get  
8                   going.

9                   (A break was taken.)

10                  (Ms. Susan Dones was duly sworn.)

11

12                                 DIRECT EXAMINATION

13                  BY MR. CROCKETT:

14        Q        Ms. Dones --

15                   THE COURT: Let's get her to state her name  
16                   for the record.

17                   MR. CROCKETT: Sorry. Excuse me.

18        A        Susan Dones.

19        Q        (By Mr. Crockett) Do you have a master's degree in  
20                   psychology?

21        A        Yes, I do.

22        Q        And how many years were you a coach with NXIVM?

23        A        How many years was I a coach?

24        Q        With NXIVM.

25        A        I think I was a coach for less than a year.

1 Q I'd like to read from your -- from the preliminary  
2 injunction hearing. I have a copy of that.

3 MR. CROCKETT: If I may approach the Court?

4 THE COURT: Are we going to mark this?

5 MR. CROCKETT: As 37.

6 MS. DONES: Your Honor, I'm wondering why  
7 these weren't turned over as part of discovery.

8 MR. CROCKETT: Impeachment.

9 THE COURT: Just so you know --

10 MS. DONES: Yeah, I don't understand that.

11 THE COURT: The transcript of the preliminary  
12 injunction hearing is part of the transcript of the  
13 trial, even though it was taken much earlier. So it's  
14 going to be admissible no matter what, whether the  
15 identified or not identified.

16 MS. DONES: Okay.

17 Q (By Mr. Crockett) So I'll refer you to page 10?

18 MS. DONES: Excuse me, Your Honor. I forgot  
19 my glasses. They're on the desk there. Sorry.

20 Q (By Mr. Crockett) Okay. Let's turn to page 10, line  
21 6. Do you see that?

22 A Yes.

23 Q I'll read the question, and then could you read into  
24 the record your answer?

25 Question, How many years were you a coach

1           with NXIVM?

2                       And can you read your answer?

3    A    A little over about nine years.

4    Q    Okay.

5    A    It was actually --

6    Q    That's what what I've asked you to read. Thank you.

7           You don't want to read any more?

8    A    Pardon?

9    Q    You don't want to read any more?

10   A    I don't understand your question.

11   Q    Okay. Do you send out emails under the name of Judit

12           Ackerman?

13   A    I did for a short period of time.

14   Q    And can you turn to Exhibit P-33 in your binder?

15   A    In this one?

16   Q    Yes, in my binder, black binder, P-33. Do you recall

17           an email exchange where you sent an email to John Tighe

18           with a CC to Joe O'Hara under the name of Judit

19           Ackerman stating several psychological principles and

20           then Joe O'Hara asking, who's Judit Ackerman, and you

21           responded by saying, that's me?

22   A    I don't recall this email.

23   Q    No, that's not my question. My question is do you

24           recall assembling an email, not this particular email,

25           but do you recall sending out to Mr. Joe O'Hara a very

1           long email saying, here are some psychological  
2           principles that describe NXIVM, Joe O'Hara responding  
3           by saying, who's this woman, and you responding by  
4           saying, this woman would be me?

5    A    I don't recall that.

6    Q    And look at Exhibit P-33. Are you saying under oath  
7           that you didn't send that email and you didn't receive  
8           the one from Mr. O'Hara and you didn't send the  
9           transmittal email?

10   A    What I'm saying is I don't recall this email.

11   Q    And is the address JuditAckerman@gmail.com familiar to  
12           you?

13   A    I used it for a short period of time. That was a long,  
14           long time ago. I don't actually remember over all the  
15           contents of that.

16   Q    If you look at the date, September 29th, 2010, it was  
17           only a few weeks before the injunction hearing. Do you  
18           recall the date of the injunction hearing?

19   A    I don't recall the hearing of the injunction, either.

20   Q    When you were required to turn over discovery materials  
21           to this Court, did you look through your Judit Ackerman  
22           email address and account?

23   A    I didn't use that email account anymore, and I had  
24           deleted all those emails.

25   Q    And when did you delete those emails?

1 A I deleted them as I got them, just like I did in all my  
2 other accounts.

3 Q So is it correct to say that when you were required to  
4 turn over material, you had previously deleted all your  
5 Judit Ackerman accounts -- emails; is that correct?

6 A Yeah. And I actually got locked out of the account.

7 Q And take a look at Exhibit 34. This is an email dated  
8 October 20, 2010 from ColtBuster to Joe O'Hara and to  
9 Tony Foley, and you're replying. Do you see that?

10 A Yes.

11 Q Do you recall having an account called  
12 ColtBuster1@gmail.com?

13 A No, I don't recall having that account.

14 Q You've never operated under the term ColtBuster1.com?

15 A Not that I recall. I don't recall that. As a matter  
16 of fact, when you turned this over as evidence, none of  
17 us knew who ColtBuster1 was. And I tried the video  
18 link, and the video link comes up empty.

19 Q Let's look at Exhibit 32, which appears to be an email  
20 from Joe O'Hara to you transmitting a NXIVM client  
21 list. Do you recall in August of 2010 having email  
22 discussions with Joe O'Hara about -- --

23 THE COURT: I'm sorry, Mr. Crockett. We're  
24 at P-32?

25 MR. CROCKETT: P-32.

1 Q (By Mr. Crockett) Now, do you recall, Ms. Dones, prior  
2 to Vanguard Week, the corporate retreat for NXIVM in  
3 2010, you having email discussions with Joe O'Hara  
4 about disrupting the proceedings by using NXIVM's email  
5 list?

6 A I remember Joe talking about that, and I told him it  
7 was a stupid idea.

8 Q So you remember having discussions with Joe O'Hara  
9 about the confidential client list, correct?

10 A I don't remember the client list. I remember them  
11 talking about sending out an email, and I told him it  
12 was a stupid idea.

13 Q And where do you think that Mr. O'Hara got that  
14 confidential client list?

15 A I have no idea.

16 Q You had that confidential client list, correct?

17 A No.

18 Q That was part of your Tacoma center materials, correct?

19 A No.

20 Q You didn't have a copy of it?

21 A This is from their intranet. Mine was on an Excel  
22 spreadsheet.

23 Q And so you had access to their intranet, correct?

24 A Until I left, that's correct.

25 Q You provided intranet access to Mr. O'Hara and to the

1 confidential client list of NXIVM --

2 MS. WOOLHOUSE: Objection, leading.

3 THE COURT: Ms. Woolhouse, it's not

4 inappropriate for an adverse witness to be at a leading

5 question. In fact, it's entirely appropriate. It's

6 only inappropriate when you lead your own witness.

7 MS. WOOLHOUSE: Okay. Sorry.

8 Q (By Mr. Crockett) You mean to say, Ms. Dones, in all

9 these communications with Mr. O'Hara about disrupting

10 NXIVM's Vanguard Week with a client list, nobody had

11 any discussions about where the client list came from?

12 A I didn't ask them where the client list came from.

13 Q Well, that's not the question. I'm not asking whether

14 you asked them. I'm just saying, in these email

15 discussions or these discussions with Mr. O'Hara about

16 these client lists and disrupting the Vanguard Week, is

17 it your testimony that nobody in your presence or on

18 email gave any indication as to where that client list

19 came from?

20 A I don't know where the client list came from.

21 Q That's not my question. My question is do you mean to

22 say, Ms. Dones, that in these conversations with

23 Mr. O'Hara and these email conversations where people

24 are talking about disrupting Vanguard Week with the

25 client list, is it your testimony that in all those



1           discussions that you participated by email or verbal,  
2           that nobody mentioned anything about where the client  
3           list came from?  
4    A    Nobody mentioned where the client list came from;  
5           that's correct.  
6    Q    And do you recognize Exhibit P-32, Plaintiff's 32?  
7    A    I don't recognize this email. I remember the  
8           conversation on the phone where he said he wanted to do  
9           this. And I remember telling him I thought it was a  
10          stupid idea.  
11   Q    This is your email address, CallToAction@msn.com,  
12          correct?  
13   A    That's correct.  
14   Q    And you recognize the other email address, your reply,  
15          Tony Foley, Joe O'Hara?  
16   A    That's correct.  
17   Q    And you recognize -- you told me that this was an  
18          internal intranet. Do you recognize that?  
19   A    I recognize it as an intranet document. But you're  
20          inferring that I gave them this, and I didn't.  
21   Q    Well, do you have any explanation as to why this email  
22          wasn't produced to us in discovery?  
23   A    It was before you guys even came into my bankruptcy.  
24   Q    Did you know that when we asked for a document request,  
25          we asked for documents pertaining to the issues

1 pre-dating the bankruptcy, correct?

2 A Right. And I didn't have it.

3 Q Do you have any doubt in your mind that this is an  
4 email that Mr. O'Hara sent to you?

5 A I can't confirm or deny that. I went and checked to  
6 see, after you sent me these, if this email was in my  
7 account, and I deleted it before you guys came into my  
8 bankruptcy.

9 Q Why did you delete all those emails?

10 A Because I didn't keep emails. I try to not keep a lot  
11 of emails.

12 Q Let's look at Exhibit P-28, Plaintiff's 28. You  
13 recognize this email, correct?

14 A Yes.

15 MS. DONES: And I want to object to this. I  
16 don't see how it has any relevance to my case.

17 Q (By Mr. Crockett) Well, let me ask you a couple of  
18 questions about it.

19 MS. DONES: I'd like the judge to --

20 THE COURT: It's not been -- the exhibit  
21 itself has not been offered into evidence.

22 MS. DONES: Okay.

23 THE COURT: So that's not before me. He  
24 hasn't asked the question yet, so I can't resolve your  
25 objection until I know what the question is.

1 Q (By Mr. Crockett) Is it the case that the reason  
2 you're so angry with NXIVM is that in 2008, in October  
3 of 2008, that somebody at NXIVM rebuffed your romantic  
4 inclinations?

5 A No.

6 Q Well, this email talks about -- is addressed to that  
7 person, and it talks about unrequited love, correct?

8 A No, I don't believe that that's what it talks about.

9 Q You're saying the words "unrequited love" is not in  
10 here? Are you saying it's not in there?

11 A I think the document speaks to more than that.

12 Q Are you saying that the term "unrequited love" is not  
13 in here?

14 A I don't know. I haven't read through this email in a  
15 long time.

16 Q Let's look at the second page of this email. Do you  
17 see the second paragraph, you say, "I have an  
18 attraction towards you and am confused about this years  
19 ago." Do you see that?

20 A I'm not sure where you're at.

21 Q Second to the last paragraph on page 2. You say, "Ever  
22 since I met you, I have had an attraction towards you,  
23 and I confused myself about this years ago. I took  
24 what I perceived as flirting with me out of context,  
25 and it was not reality-based, nor did I ask you for

1 clarification about what I was making up about our  
2 friendship. Over the years, I have taken in enough  
3 data to know that you have a playful way of being with  
4 people that I chose to take out of context and slant it  
5 into what I wanted your attention towards me to mean."

6 You said those words, right?

7 A That's correct.

8 Q You talk about a "make-believe romance with you." Do  
9 you see that? Those were your words, correct?

10 A I don't -- can you refer me to where you're talking  
11 about?

12 Q The very last paragraph. Do you see that?

13 A Yes, I see that.

14 Q I mean, why would you -- is this the reason you  
15 resigned from the company?

16 A No.

17 Q Let's look at Exhibit P-27?

18 MR. CROCKETT: Move to admit P-28, Your  
19 Honor.

20 MS. DONES: I'd like to object. I don't  
21 believe it has anything to do with my case.

22 THE COURT: What is the relevance towards the  
23 case, Mr. Crockett?

24 MR. CROCKETT: It's the reason she left. I  
25 mean, she decided to violate her --

1                   THE COURT: Well, the reason she left is not  
2                   the issue before the Court.

3                   MR. CROCKETT: The need for an injunction is  
4                   before the Court. The fact that without the injunctive  
5                   power, we're not going to have much help here, because  
6                   she's not going to abide by her agreement. She has  
7                   other reasons to hurt and harm NXIVM. They transcend  
8                   basic business purposes. And some of these emails  
9                   reflect that. This is one of them.

10                  This is an email where the word "unrequited  
11                  love" is in there. And she's angry at NXIVM for not  
12                  fulfilling her romantic attractions with this  
13                  particular individual. This is one reason why she's  
14                  lashing out at NXIVM and why we need injunctive relief  
15                  to protect trade secrets. This very closely coincides  
16                  with her resignation.

17                  MS. DONES: And I would like to object to  
18                  that, because I think counsel is inferring in that. If  
19                  you decide to -- I would like to be cross-examined on  
20                  this, because my scope of being able to even refer to  
21                  this email has been very limited. And there's never  
22                  been -- I mean, it doesn't say that I'm angry at you or  
23                  any of that kind of stuff. So I would like to be  
24                  cross-examined before that's admitted into evidence, so  
25                  you can make a decision based on all the information.

1                   THE COURT: I'm going to allow 28.

2   Q    (By Mr. Crockett) Let's turn to Exhibit 27, please.

3                   THE COURT: Ms. Dones, you can have somebody

4                   cross-examine you about what you think it means. But

5                   I'm going to allow 28.

6                   MS. DONES: Okay.

7                   MR. CROCKETT: And for further purposes, Your

8                   Honor, I'd direct the Court to our brief on that part

9                   about the attorney's fees and the additional burden we

10                  carry on that.

11                  THE COURT: I'm sorry. I lost you. Where

12                  does that tie into this?

13                  MR. CROCKETT: Ordinarily, in New York, you

14                  don't get attorney's fees for theft of materials unless

15                  we establish a particularly malevolent intent.

16                  THE COURT: Here's a question from my

17                  perspective. What underlying claim is out there that

18                  somehow relates to your claim for fees?

19                  MR. CROCKETT: It's -- in the complaint it's

20                  called injunctive relief. But when you read it, it's

21                  protection of intellectual property.

22                  THE COURT: I understand.

23                  MR. CROCKETT: And that's it. Protection of

24                  trade secrets.

25                  THE COURT: Well, why wouldn't it have to be

1 something that's nondischargeable before you would get  
2 your fees?

3 MR. CROCKETT: Because it's post-petition.  
4 The conduct is post-petition.

5 THE COURT: I mean, there's real questions in  
6 my mind about your entitlement to fees.

7 MR. CROCKETT: We can address that --

8 THE COURT: I assume what you're trying to do  
9 is you think you're laying the basis for a recovery  
10 under the New York state statute.

11 MR. CROCKETT: Right. And our choice was to  
12 either seek relief from stay to pursue in state court  
13 or do as we did. And with the assumption that this  
14 Court could control -- have jurisdiction over the  
15 debtor for at least related jurisdiction. And so  
16 that's why we're here.

17 Now, Plaintiff's 27, you received this from  
18 Joe O'Hara, right?

19 A Yes, I did.

20 Q And in this you are being told to contact people at  
21 Child Protective Services, correct?

22 A That's correct.

23 Q Now, you understand these telephone conferences with  
24 Joe O'Hara, that there was an effort to falsely accuse  
25 a NXIVM mother of murdering her child?

1 A I am not aware of that.

2 Q You know that that charge -- you know that those  
3 allegations -- those complaints were made with Child  
4 Protective Services, correct?

5 A I know that once you deposed me.

6 Q You know independently -- do you know independently  
7 that Joe O'Hara and Barbara Bouchey and Tony Natalie  
8 filed first anonymous reports with, and then later,  
9 non-anonymous reports with Child Protective Services  
10 that a NXIVM mother had murdered her child?

11 A I had no knowledge of that. The first I heard about it  
12 was when you deposed me.

13 Q But you received this email, correct?

14 A I received this email; that's correct.

15 MR. CROCKETT: Move to admit.

16 THE COURT: Do you have any opposition to 27  
17 being admitted, Ms. Dones or Ms. Woolhouse?

18 MS. DONES: I don't see that it's relevant to  
19 my case in regards to this. Again, I'll be  
20 cross-examined on this, but this is an email asking me  
21 to do something. And I have testified at my deposition  
22 that I didn't call CPS. I had nothing to do with  
23 calling CPS in regards to this email or calling CPS in  
24 regards to a dead child.

25 THE COURT: The objection is relevance. What



1           is the relevance?

2                   MR. CROCKETT: Same as the last. It's the  
3           malevolent intent that goes to the attorney's fees.  
4           It's also the reason why we have to get --

5                   THE COURT: Well, it doesn't show anything  
6           about her intent. It's an email from Joe O'Hara.

7                   MR. CROCKETT: Yeah, and it's to lay  
8           foundation for other questions I'm going to ask her.

9                   THE COURT: I'll withhold ruling until I see  
10          what other questions you can establish that would show  
11          somehow that this relates to something other than  
12          Mr. O'Hara's intent, as opposed to Ms. Dones.

13   Q        (By Mr. Crockett) Let's turn to Exhibit Plaintiff's  
14            23?

15                   THE COURT: Right now I'm not allowing its  
16           admission.

17   Q        (By Mr. Crockett) Do you recall editing the report  
18            that Mr. O'Hara was filing with the State Attorney  
19            General's Office about Gaelen?

20   A        I don't remember there being a report to the attorney  
21            general about Gaelen.

22   Q        Take a look at this document. O'Hara is sending you a  
23            letter saying, here is the --

24                   THE COURT: Which exhibit are we talking  
25           about?

1 Q (By Mr. Crockett) 23. O'Hara is sending you a letter  
2 saying, "Please, here is the revised version of my  
3 follow-up letter. Please send me any changes you think  
4 I should make." And then you respond by saying, "I  
5 added some in pink highlight."  
6 A And again, I don't recall this email.  
7 Q So you don't recall editing any report to the Attorney  
8 General that Mr. O'Hara sent you? Is that your  
9 testimony?  
10 A I don't recall that.  
11 Q You don't recall editing any reports --  
12 A I don't recall -- there's actually not even an  
13 attachment on here.  
14 Q Well, that's not the question. I don't care about an  
15 attachment. I'm asking you, do you recall Mr. O'Hara  
16 asking to you edit a report that he was sending to the  
17 Attorney General?  
18 A No, I don't recall editing any report.  
19 Q Now, let's look at Plaintiff's 24. This is an email  
20 from you to Tony Foley, and it looks like you're  
21 proposing to make anonymous charges to health services  
22 to disrupt NXIVM's family values seminar. Do you see  
23 that email?  
24 A Yes.  
25 Q Do you recall --

1 A I don't know --

2 Q No, wait a minute. Without regard to the email, do you

3 recall making a recommendation to your friends, Let's

4 disrupt NXIVM's family values seminar by making a false

5 report of food poisoning?

6 A I don't recall that.

7 Q Do you have any explanation for this email? Do you

8 think it's made up?

9 A I don't know. I have -- the one thing that I have is

10 the same thing Kim has, is we have short-term memory.

11 I can't tell you what movie I saw off of NetFlix two

12 weeks ago. And so the first time I saw this email is

13 when you guys submitted it on September 9th. So no, I

14 don't recall this email.

15 Q Let's look at exhibit -- well, let's see. That email,

16 that's got your address on there, correct?

17 A I still don't recall the email.

18 Q That's your address, isn't it?

19 A Typed it up by somebody.

20 Q That's your address, isn't it? CallToAction, that's

21 your address, right?

22 A That's correct. It's my --

23 Q And you call Tony Natalie "Tony," right?

24 A That's correct.

25 Q And you call Joe O'Hara "Joe," right?

1 A Correct.

2 Q You know what the family values is in NXIVM, right?

3 A Yes, I know what family values is.

4 Q What is family values?

5 A It's an eight-day training.

6 Q And you know that they serve food at the intensives,

7 correct?

8 A I know they serve food in intensives.

9 Q And is it correct to say you took the position with

10 people that you didn't think they had a proper kitchen

11 to do so?

12 A I don't recall that.

13 Q And were you following the opening of the Vancouver

14 B.C. center?

15 A I would have no way of knowing anything about

16 Vancouver.

17 Q Take a look at this signature here. It's in a

18 particular italic font. Is that the kind of font that

19 you would typically use in your email?

20 A Not typically, no.

21 Q But that looks like one you've used in the past,

22 correct?

23 A Well, usually if I use that italics for my signature, I

24 would use italics through the whole email.

25 Q But that is an italics you've used, correct?

1     A     In the past, yes.

2                     MR. CROCKETT: All right. Move to admit this

3     one, Your Honor.

4                     MS. DONES: I object, Your Honor. There's no

5     foundation. I mean, this is one of the fishy ones that

6     they got.

7                     MS. WOOLHOUSE: There's no authentication of

8     it.

9                     MR. CROCKETT: Well, I've identified all the

10    participants. She recognizes them all. I mean,

11    there's a way to authenticate without having a witness

12    admit to it, as the Court knows. You go through

13    addresses, you go through contents. She said that this

14    is an italic that she uses.

15                     MS. WOOLHOUSE: It looks like it was copied

16    and pasted.

17                     MS. DONES: Yeah, there's --

18                     THE COURT: I'm going to hold off on 20. I

19    want to look at the authentication issues surrounding

20    this one.

21                     Just to be clear, Ms. Dones, you're

22    testifying that you don't recall this email. You're

23    not saying that you didn't send it. You can't recall.

24                     MS. DONES: Yeah, I can't recall it. I mean,

25    this doesn't --

1                   THE COURT: All right. I'll rule on it --  
2           I've got to take a look at this. I'm not going to rule  
3           right now.  
4   Q    (By Mr. Crockett) Is it possible you sent this?  
5   A    You asked me if I did, and all I can answer is I don't  
6           recall.  
7   Q    Well, I mean, do you think that this is something you  
8           might have done?  
9   A    I don't know.  
10  Q    Do you see this email and you take offense and say, I  
11           would have never done that?  
12  A    If I did send this email, it would have been done  
13           jokingly.  
14  Q    So I want you to affirm right now under oath, if you  
15           can, I did not send this email?  
16  A    I can't confirm or deny.  
17                   MR. CROCKETT: Move to admit, Your Honor.  
18           Again, I realize you're taking you it under special --  
19                   THE COURT: I'll get you my ruling in the  
20           morning, Mr. Crockett.  
21  Q    (By Mr. Crockett) All right. Exhibit 21?  
22                   THE COURT: Or maybe I'll rule -- I'll  
23           suspend my ruling and get you the ruling whenever we  
24           next meet.  
25  Q    (By Mr. Crockett) Okay. Exhibit 21 is an email from

1           you to Graydon Carter at August 13, 2010. There you  
2           recognize your italics, right?

3    A    Well, I recognize the italics and that I've used this.  
4           And again, I question where you got this email from.  
5           You said you got all these other fishy emails from Joe  
6           O'Hara. Joe O'Hara is not even on here. It looks like  
7           another copy or paste or a hack job into my email  
8           account.

9    Q    So do you think that -- do you have any evidence that  
10          somebody's hacked into your email account?

11   A    The only thing that I have is that I have two passcodes  
12          that I've used, and sometimes they change, and I don't  
13          know how they change. That's the only evidence I have.  
14          The same thing with my computer.

15   Q    Do you have any evidence that NXIVM had anything to do  
16          with hacking into your email account?

17   A    I don't have any evidence. I don't know how you would  
18          have got this email, because this email, once again,  
19          was before you guys came into my case. This email  
20          would have been deleted.

21   Q    Who's Graydon Carter?

22   A    I don't remember who Graydon Carter is. I think he's  
23          the editor of Vanity Fair.

24   Q    Who you talked to about NXIVM, correct?

25   A    I don't recall this email.

1 Q You talked to Graydon Carter about NXIVM, correct?

2 A I can't confirm or deny that.

3 Q Who's Suzanna Andrews?

4 A I think Susan Andrews was the woman who wrote the

5 article in Vanity Fair.

6 Q And did you talk to her?

7 A I did talk to her. And I've already testified that I

8 talked to Vanity Fair.

9 Q You have not. You have not. This is the trial. This

10 is why we're here. So I'd like to know why you talked

11 to Vanity Fair about NXIVM?

12 A Well, Vanity Fair called me. They were doing an

13 article on the Bronfmans, actually. So she asked me a

14 series of questions. And I answered them.

15 Q All right. In this email it says, "My request for you

16 is to please help us expose this group." This is the

17 second page, last -- first paragraph. "There [sic] are

18 ruining people's lives. Maybe it will help get the

19 attention of the government agencies to take a look at

20 this group."

21 A I'm sorry, but I'm not -- second to the last paragraph?

22 Q The very first paragraph on the second page.

23 A Oh.

24 Q Do you recall telling Vanity Fair that you wanted to

25 expose this group because of what they were doing,



1           illegal behavior?

2    A    Once again, this was how many months ago? Over a year

3           ago? And I don't remember the content of an email.

4    Q    And then it says, in the last paragraph, "Until NXIVM

5           gets shut down by some branch of government, the media

6           is our only weapon." Do you see that?

7    A    I see that.

8    Q    Did you say that?

9    A    I don't recall.

10   Q    Do you deny -- here under penalty of perjury, do you

11          deny sending this email?

12   A    I cannot confirm or deny.

13   Q    I'm asking you to deny it. Can you deny it?

14   A    I can't confirm or deny.

15   Q    I'm not asking you to confirm. I'm asking you to deny.

16   A    I think you're trying to paint me into a corner.

17   Q    That's what lawyers do.

18   A    Well, I'm sorry, but I cannot confirm or deny that I

19          sent this email.

20   Q    And you remember in your deposition telling me that you

21          never organized or participated in any general

22          conference calls, correct, with Joe O'Hara?

23   A    No. I actually said that we talked to each other.

24   Q    In your deposition, do you recall saying that people

25          would just -- that you were not responsible for

1 organizing. You did not participate, other than to be  
2 rolled in by somebody calling your name, correct?

3 A Those are not my words.

4 Q Take a look at Exhibit P-19, Plaintiff's 19. Is this  
5 an email where you're organizing a conference call to  
6 discuss NXIVM?

7 A Again, this is another email that has -- it doesn't  
8 look like it was printed out from a server. I cannot  
9 confirm or deny the content of this email.

10 Q Do you deny arranging and sending around telephone  
11 numbers for conference calls?

12 A I cannot confirm or deny this email. And I don't  
13 recall. Other than what's stated in this email, I  
14 don't recall.

15 Q Did you have conference calls with O'Hara and Bouchey?

16 A I don't believe than I was ever on a call with O'Hara  
17 and Bouchey. I don't recall that.

18 Q Do you recall using a call-in number to do that with?

19 A I don't recall.

20 Q All right. Let's take a look at your deposition,  
21 second volume?

22 A Is that this?

23 Q I'll give it to you.

24 MR. CROCKETT: May I approach the Court with  
25 the original?

1 A Now, what deposition? August 11th.

2 Q (By Mr. Crockett) This is your deposition. Let's look  
3 at page 345. Can we just -- one second, please.

4 Let's read from 345:11 to 22.

5 Question, When you had these telephone  
6 conferences with O'Hara, Bouchey and all these other  
7 people, did you use a call-in number to do that with?

8 Answer, No.

9 Question, How were those conference calls  
10 arranged?

11 Answer, Usually one person would log the  
12 other person in.

13 Question, You would put like five, six, seven  
14 people on one call without using a dial-in number?

15 Answer, I don't remember there being that  
16 many on it. I can't -- I can only bring in -- I can  
17 only do three-way with mine.

18 So -- and let's go down to page 346:18  
19 through 11.

20 THE COURT: Sorry, line 18?

21 MR. CROCKETT: Yeah, 18, 346.

22 Q (By Mr. Crockett) Yeah 18, 346.

23 Question, In one of your answers, you  
24 indicated that you had told Bouchey or O'Hara, whoever,  
25 that there are some things you didn't want to be

1 included on in discussions?

2 Answer, Mm-hmm.

3 Question, Do you remember that statement?

4 Answer, Yes.

5 Do you remember the topics you didn't want to

6 be included on?

7 Answer, I didn't want to be included in

8 anything that had anything to do with NXIVM's

9 intellectual properties, anything that could possibly

10 get me in trouble with the Court, with my T.R.O. and my

11 preliminary injunction. I said, I don't want anything

12 about any reporters. I don't want to know anything

13 about the blog, any of that kind of stuff. I just

14 don't want to know about it. Don't talk to me about

15 it. Don't bring it up to me, you know. I just don't

16 want to be any part of it.

17 Does this refresh your recollection,

18 Ms. Dones, that you had conference calls with Bouchev

19 and O'Hara?

20 A I don't recall having a conference call with Bouchev

21 and O'Hara at the same time.

22 Q Let's turn to Exhibit P-22, Plaintiff's 22. This is an

23 email chain, and it appears you're sending to Joe

24 O'Hara some pictures. And you're saying, Hee hee hee.

25 Whose pictures are you sending to Joe O'Hara?

1 A I don't recall. I don't even recall this email. This  
2 is another one of those fishy little emails.

3 Q You and Joe O'Hara were conspiring to file false  
4 reports with authorities about Kristen Keefe's child,  
5 and you were sending around pictures of the child to  
6 file with the government agencies, correct?

7 A That's incorrect.

8 Q Well, this email says, "Because I'm not friends with  
9 Edgar, I can't give the photos of Gaelen." I should  
10 note that the first time that word appeared in this  
11 trial is when you used it in your prior answers. Do  
12 you know who Gaelen is?

13 A Yes, I do.

14 Q Who's Gaelen?

15 A Well, what I know about Gaelen is --

16 Q Let me ask you this. Who's mother is Gaelen?

17 A I don't know who's mother Gaelen is.

18 Q Who's in charge of Gaelen?

19 A Well, I found out at my deposition in August that  
20 apparently Kristen Keefe is in charge of Gaelen.

21 Q All right. So with that, and looking at this email,  
22 this email chain, is it your testimony that you deny  
23 sending pictures to Joe O'Hara of Gaelen?

24 A Again, I can't deny or confirm. I don't recognize this  
25 email. And again, there is --

1 Q Well, something like sending pictures of somebody  
2 else's child, only a year ago, I mean, that would be  
3 something that a normal person would remember,  
4 especially if it's a hated enemy, right?

5 A Well, you're saying a normal person might remember  
6 that. But I have memory issues.

7 Q Well, would you agree with me that if you're sending a  
8 photograph or photographs of a child, an infant child  
9 of a hated enemy, just a year ago, to be used with a  
10 government agency, that is something that a normal  
11 person would probably remember doing, correct?

12 A You're asking me to draw a conclusion that I don't know  
13 how to draw. You're asking me about normal people.  
14 You're asking me about hated -- you're inferring that  
15 this is a hated thing. You're inferring a lot of stuff  
16 into this. And so --

17 Q You deny, then, sending emails of Kristen Keeffe's  
18 child to Joe O'Hara?

19 A I cannot confirm or deny.

20 Q All right. And this is your email address,  
21 CallToAction, correct?

22 A I think that's pretty well known that that's my email  
23 address. I think Joe O'Hara's email address is pretty  
24 correct. And again, there's nothing that identifies  
25 that this email is a true email. When you print out an

1 email from a server, from my experience, it has a code  
2 at the top. There's no code on here.

3 Q So you seem pretty sophisticated with emails and  
4 servers. You have a degree in psychology. And you  
5 tell me you can't just stand up for your rights and  
6 deny sending pictures of Gaelen to people?

7 A Well, the reason that I know so much about printing  
8 emails from servers is I printed thousands of them,  
9 thousands of them, for NXIVM. And every single one of  
10 them had a code at the top.

11 Q So because it doesn't have that, you think that you are  
12 unwilling to admit that you sent that email; is that  
13 correct?

14 A I'm unwilling to admit it because I don't know if this  
15 email was sent from me, and I don't know if the content  
16 is what -- I don't put it past NXIVM to cook anything  
17 to try to get what they want from this Court.

18 Q Do you think it's an honorable thing for a person to  
19 file false reports with health authorities and false  
20 reports about children? Is that an honorable thing to  
21 do?

22 A You're assuming that false reports were done.

23 Q No, I'm not assuming anything. I just want to find out  
24 where your system of ethics is. And here is the  
25 question. Do you think that it's an honorable thing to

1 do, to file false reports about food poisoning and to  
2 file false reports about children with Child Protective  
3 Services? Do you think that's honorable?  
4 A You're asking me to speculate.  
5 Q No. I'm asking you as a human being --  
6 A Would I file a false report? No.  
7 Q Do you think it's honorable to do that?  
8 A I wouldn't do it. I cannot speak about my code of  
9 honor -- I can't speak about somebody else's code of  
10 honor.  
11 Q And do you think --  
12 A I don't think it's honorable to be sleep with multiple  
13 women --  
14 Q I'm not asking about anybody's sex life. I'm asking  
15 about charging a mother --  
16 THE COURT: Excuse me, Mr. Crockett. I'm  
17 going to strike a portion of Ms. Dones' answer that is  
18 non-responsive.  
19 Go ahead.  
20 Q (By Mr. Crockett) All right. Let's look at Exhibit  
21 P-20, Plaintiff's 20. There is an email from Susan  
22 Dones to Joe O'Hara dated August 12th, 2010.  
23 "Good letter, Joe. I hope she gets her ass  
24 kicked. Why will they do anything in sync?"  
25 Ms. Dones, does this refresh your memory that



1           you hoped that Kristen Keeffe, a NXIVM employee's ass  
2           would get kicked over a complaint you made about her  
3           child to Child Protective Services?

4    A    I don't see anything on this email -- one, I don't  
5           recall the email. Two, I don't see anything on this  
6           email that refers to Kristen Keeffe.

7    Q    Well --

8    A    The subject line is the New York Observer.

9    Q    Right.

10   A    Which is a newspaper article.

11   Q    Yeah. And what relationship did you have with the New  
12           York Observer?

13   A    None.

14   Q    Then what's this email about?

15   A    I can't tell you that. I mean, I don't remember what  
16           this is about.

17   Q    Do you deny sending this email to Joe O'Hara hoping  
18           that somebody, a woman, her ass would be kicked? Do  
19           you deny sending that?

20   A    I cannot confirm or deny. Again, this isn't in my  
21           email -- it was over a year ago. It's not in my email  
22           thing, so I can't refer back to it. I don't know if  
23           this is accurate or not. You're inferring that it  
24           means anything about Kristen Keeffe.

25   Q    Did you provide a financial document to Joseph O'Hara

1 to use with the Attorney General's Office in a  
2 complaint alleging that NXIVM was run as a multi-level  
3 marketing company?

4 A I don't believe I did.

5 Q Take a look at Exhibit 25. Now, this is an email  
6 between Tony Foley to Joe O'Hara talking about a  
7 business plan. But what Joe O'Hara is doing is he's  
8 apparently repeating an email that he sent to you about  
9 sharing the business plan with the Attorney General's  
10 Office. Do you see that?

11 A And again, this is another one of those questionable  
12 emails. And so --

13 Q Do you see the email?

14 A I see the email.

15 Q Does this refresh your recollection?

16 A No, it does not --

17 Q Let me finish the question.

18 A Okay.

19 Q This email is only dated a week after the injunction in  
20 this case. And I fully concede and admit that the  
21 injunction only pertains to course materials. But do  
22 you recall having discussions with Mr. O'Hara a week  
23 after the injunction issued in this case, strategizing  
24 over whether it would be proper to release to him  
25 NXIVM's confidential financial data?

1 A No, I don't remember that.

2 Q Did you -- let me finish the question. After the  
3 injunction issued in this case, did you give Mr. O'Hara  
4 any financial information about NXIVM?

5 A No.

6 Q You believe that NXIVM is violating some order dealing  
7 with multi-level marketing?

8 A I believe that there's a possibility that Keith Raniere  
9 is in violation of a court -- the Attorney General -- I  
10 forget the term of it -- the Attorney General --

11 Q Consent --

12 A Yeah, but he ordered Keith Raniere, Karen Unterreiner  
13 and Pam Cafritz that they should not be involved in any  
14 network distribution kind of companies. I'm aware of  
15 that.

16 Q Have you ever really seen any document that says  
17 anything like that?

18 A Yes. I saw the actual document, and I presented it to  
19 the Court as evidence.

20 Q Doesn't the document just say, Thank you for the fine  
21 that you've agreed -- or the attorney's fees that  
22 you're agreeing to pay, but to operate legally in the  
23 future? Isn't that all it says?

24 A No. Not the document I saw.

25 Q So you have this belief that there's somehow a

1 violation of the multi-level marketing rules or  
2 something. What rules?

3 A I think it's possible that he's in violation of that  
4 court injunction.

5 Q And did you participate with making filings with the  
6 Attorney General's Office about that?

7 A No.

8 Q You never had any discussions with that with the  
9 Attorney General's Office.

10 A No, I haven't had any discussions with the Attorney  
11 General's Office.

12 Q Have you had discussions with Barbara Bouchey or Joe  
13 O'Hara about making a complaint to the Attorney  
14 General's Office about NXIVM?

15 A I don't recall having any conversation with Barbara  
16 Bouchey or Joe O'Hara about complaining to the Attorney  
17 General's Office.

18 Q Do you deny, under oath, sending NXIVM's financial data  
19 to Joe O'Hara after the injunction issued in this case?

20 A I don't believe I sent him anything, because -- I  
21 believe he asked me for it, and I believe I told him  
22 that if I was going to give anything to the AG, that I  
23 would give it to him myself directly. I don't remember  
24 sending Joe anything. I know he asked me to give it to  
25 him.

1 Q So you had discussions with him about it, and he asked  
2 you for it, and you told him that whatever you sent,  
3 you would sent to the AG directly, right?  
4 A If the AG asked me for it.  
5 Q Did the AG ever ask for it?  
6 A No. The AG has never contacted me.  
7 Q The AG has never asked about anybody's complaint  
8 regarding that, correct?  
9 A I know nothing about what's going on at the AG's  
10 office.  
11 Q And you've done nothing -- all right. You deny, then,  
12 sending any information to Joe O'Hara, correct, about  
13 the financial information?  
14 A I have not sent Joe O'Hara any information.  
15 Q Now, when you participated in the three-day video, you  
16 agreed to keep it confidential, correct?  
17 A I agreed to keep it confidential; that's correct.  
18 Q And what portions of that video do you intend today to  
19 now broadcast to the public in the event that our  
20 injunction is unsuccessful?  
21 A I don't intend to broadcast any of it. I've offered to  
22 -- we volunteered for an injunction, and we volunteered  
23 to give the video back. And I told you in the hallway  
24 that you could hire someone to come watch me delete it  
25 off the harddrive it's on.

1 Q So why, then -- why is that? Why are you willing to do  
2 that?

3 A Because I want NXIVM to leave me alone.

4 Q Do you think that you're bound by your confidentiality  
5 agreement?

6 A I think that when we made that agreement, we didn't  
7 know all the content that would take place in that  
8 meeting. And I believe that Keith made us settle for  
9 that. And I came forward, because I have a lot of  
10 information -- if it's true Keith has been enjoined,  
11 then the AG does investigate, I believe that right now,  
12 in my possession, I have information that could  
13 possibly cause him and Pam and Karen legal issues.

14 Q Where is that information?

15 A You presented it to me at my deposition, the field  
16 trainer manual that you guys say is on the blog, but  
17 I've never seen it there.

18 Q So it's a field trainer manual. What other information  
19 do you think you possess that if you used it would  
20 cause legal troubles for Keith Raniere? What other  
21 information?

22 A I know that they bring cash across the border from  
23 Mexico.

24 Q How do you know that?

25 A Because Nancy Salzman told me.

1 Q All right. So that's something you brought to the  
2 attention of the Attorney General's Office, correct?  
3 A I haven't talked to the Attorney General's Office.  
4 Q So you want to -- let me back up. Is it correct that  
5 you sent an excerpt of the three-day video to a  
6 reporter by the name of Jim Odatto?  
7 A Yes, I believe --  
8 THE COURT: Last name?  
9 MR. CROCKETT: Odatto, O-d-a-t-o.  
10 Q (By Mr. Crockett) Is that correct?  
11 A That's correct.  
12 Q Is it correct to say that you sent him -- you did that  
13 by sending him a link?  
14 A That's correct.  
15 THE COURT: I'm sorry. What was sent sent to  
16 Mr. Odatto?  
17 MR. CROCKETT: A link.  
18 THE COURT: A link to?  
19 MR. CROCKETT: To YouTube. Is that right?  
20 THE COURT: Of the --  
21 MR. CROCKETT: Of the excerpt of the video.  
22 Q (By Mr. Crockett) Is that correct?  
23 A That's correct.  
24 Q And let's turn to Exhibit P-13.  
25 THE WITNESS: Is it possible to get some

1           water?

2                         THE COURT:   Sure.

3   Q     (By Mr. Crockett)   Is P-13 an email that you sent?

4   A     Yes, it is.

5   Q     This is an email sending a link to a segment of that

6           video?

7   A     Yes, it is.

8   Q     And this is an email -- this particular email was sent

9           to Barbara Bouchey, correct?

10  A     Yes, it is.

11  Q     And I read from the email.   It says, "I just sent this

12           email via BCC to many people."   This is the first

13           paragraph.   "And it is possible someone would send this

14           to somewhere and there will be press about it.   If

15           NXIVM comes after you, I will sign a document that you

16           had no knowledge of this and were not included in my

17           email list, if they ask who I sent it to."   That's your

18           words, right?   Those are your words?

19  A     Those are my words.

20  Q     You committed in writing to Barbara Bouchey that you

21           were willing to lie under oath if the opportunity

22           arose?

23  A     That's what you're inferring.

24  Q     I sure am.

25  A     But that's not the scenario.



1 Q But that's a pretty reasonable inference that you could  
2 make from that statement, correct?

3 A Well, you could as an attorney, but that's not what I  
4 was talking to her about.

5 Q But certainly you're willing to sign a document lying,  
6 right?

7 A That's not true.

8 Q I'd like to know, really, why this email was not  
9 produced to us and we had to get it from Barbara  
10 Bouchey. Why wasn't this email produced to us in our  
11 document production requests?

12 A I don't know. Was it before, before my -- I don't  
13 know. Was it before my --

14 MS. WOOLHOUSE: I believe it was.

15 Q (By Mr. Crockett) No, it was not. You don't recall in  
16 your deposition I asked you this very question, why  
17 this wasn't produced to us. And you said you deleted  
18 it.

19 A Okay. Then -- see, I don't even remember that.

20 Q And the version you did produce to us is on P-14.  
21 Let's take a look at that.

22 MR. CROCKETT: Move to admit P-13, Your  
23 Honor?

24 THE COURT: 13's admitted.

25 Q (By Mr. Crockett) P-14 is the version you did send us,

1 correct?

2 A That's correct.

3 MR. CROCKETT: This document, move to admit,  
4 Your Honor?

5 THE COURT: Ms. Dones?

6 MS. DONES: Yeah, this has already been  
7 admitted before.

8 Q (By Mr. Crockett) And you've got a bunch of --

9 THE COURT: Exhibit 14 is admitted.

10 Q (By Mr. Crockett) And you've got a bunch of people on  
11 this email exchange that were not in the three-day  
12 video, correct?

13 A That's correct.

14 Q Now, do you remember in the three-day video there were  
15 discussions about conflicts of interest?

16 A Again, I remember very, very little.

17 Q I don't want a general answer.

18 A Okay. No, I don't remember that.

19 Q And do you remember discussion about Keith Raniere's  
20 arbitrations of internal disputes?

21 A I don't remember that.

22 Q Do you remember discussions about legal issues?

23 A I don't recall that, except, you know, you talked about  
24 it today with Kim.

25 Q Would you agree with me that if discussions of internal

1           arbitrations of personnel disputes were on this video,  
2           that that would a confidential matter that NXIVM or any  
3           other company just wouldn't want to be made be public?  
4    A     I can't speak to that.  
5    Q     Well, you've run a business for 10 years, right?  
6    A     That's correct.  
7    Q     You've had people working for you, correct?  
8    A     That's correct.  
9    Q     You've had to work on personnel issues, correct?  
10   A     That's correct.  
11   Q     You were in the Army or the Navy, correct?  
12   A     That's correct.  
13   Q     You had the responsibility in the Navy for governing  
14         people?  
15   A     That's correct.  
16   Q     Would you agree with me that in your life's experience,  
17         that personnel issues resolving internal conflicts in  
18         an organization are something that a company would  
19         normally want to keep private?  
20   A     I guess so. I don't know.  
21   Q     All right. And what about claims that board members or  
22         high ranking employees had intimate relations with each  
23         other? Do you think that's the sort of thing that a  
24         company -- an organization would likely want to keep  
25         private and not broadcast when people are complaining

1           about it internally?

2    A    Well, I can see why a company would want that to be  
3           kept quiet, that they would want to sweep it underneath  
4           the rug. But I think when it affects other people's  
5           businesses, that people within that business have a  
6           right to know.

7    Q    Yeah, the people within the organization have a right  
8           to know, dispute it, argue about it, fight about it,  
9           right?

10   A    Well, I think, also --

11   Q    Just answer the question. Do you think that people  
12          within the organization have to complain about it?

13   A    Well, I think it depends on the circumstances. I think  
14          people outside the organization might have a right to  
15          know, too.

16   Q    Really. And that's what you did. You talked to the  
17          reporters about Keith Raniere's alleged sex life,  
18          correct?

19   A    I didn't talk about that because it would have just  
20          been hearsay. I never had sex with Keith. So it's  
21          just hearsay.

22   Q    But you -- do you deny sending an email to a Vanity  
23          Fair reporter talking about Keith Raniere's sex life?

24   A    I don't recall sending an email to a Vanity Fair  
25          reporter talking about Keith's sex life.

1 Q All right. Do you think that if the head of an  
2 organization were talking with high ranking members  
3 about the litigation that he was having with Rick Ross  
4 and other people about trade secrecy issues, you think  
5 that's the sort of thing a company would likely want to  
6 keep within the organization?

7 A And again, I think it depends on what the secret points  
8 to.

9 Q Well, I think the question is, based upon your life's  
10 experience -- and you've got a lot of it -- do you  
11 think that a company, when the Number One leader is  
12 talking with other high ranking people about  
13 litigation, about problems with lawyers, about problems  
14 with litigation, do you think that a company would  
15 ordinarily want to keep that internal and secret?

16 A And again, you know, being in the United States Navy,  
17 there was a lot of inappropriate --

18 Q That's not my question.

19 A No, there was a lot of inappropriate stuff that went  
20 on, and it was good that it got outside of the upper  
21 leadership, because it was able to be dealt with.

22 Q Based upon your experience -- just on your experience,  
23 I'm not looking for a different explanation -- based on  
24 your experience, do you think that it would be  
25 reasonable for a company who's discussing legal affairs

1           with high ranking people, do you think that a company  
2           would normally want to keep that internal?

3    A    I'd think that a company would want to keep that  
4           internal, but I don't know if it's necessarily  
5           appropriate to keep all secrets internal.

6    Q    And is it true that in this three-day video that  
7           Mr. Ranieri kept using the NXIVM jargon known as  
8           feedback?

9    A    Again, you're asking me a question I don't recall.

10   Q    Do you know what NXIVM feedback is?

11   A    I couldn't give you an accurate description of actually  
12           -- it's been a long time since I've talked about any  
13           NXIVM jargon.

14   Q    Okay. Tell me what you recall about the use of the  
15           word "feedback" in the NXIVM methodology?

16   A    Feedback is where somebody comes up an entire -- you  
17           know, they want to give you their opinion of something  
18           about you.

19   Q    And is it correct to say that Mr. Ranieri would have  
20           these feedback sessions in order to refine his course  
21           materials and other curriculum matters?

22   A    I wasn't that high up in the organization to know what  
23           Ranieri did with that kind of stuff.

24   Q    Well, would you agree with me that if the transcript  
25           contains repeated references to feedback session,

1 feedback, feedback, that what's happening is  
2 Mr. Ranieri is trying to correct or self correct or  
3 provide some direction internally to NXIVM?  
4 A Again, you're asking me to testify to something -- I  
5 don't know what Mr. Ranieri did. This is the first  
6 time I'd ever met with him. So I don't know what he  
7 did outside of that.  
8 Q Have you read the transcript to the video?  
9 A No, I haven't.  
10 Q Have you played --  
11 A No. I haven't watched the video since shortly after  
12 leaving.  
13 Q And so you just don't recall, really, the content of  
14 it?  
15 A I really don't.  
16 Q Now, the course material, you have course material on  
17 your computer, right?  
18 A It's not on my computer, no, sir.  
19 Q Whose computer is it on?  
20 A It's on a computer that we don't use anymore.  
21 Q It's in your possession, correct?  
22 A That's correct.  
23 Q And you have a lot of material, a lot of NXIVM's stuff  
24 on your computer, correct?  
25 A We have coach notes and we have student notes.

1 Q Pages and pages of material, correct?

2 A I don't know how many pages it is.

3 Q And so do you recall being ordered by this Court to

4 turn over all that material in the injunction dated

5 January 7th of 2011, correct?

6 A I don't remember the Court ordering us to turn it over.

7 I know that Kim and I boxed up all of the stuff that we

8 had at the center. When we moved, we kept that stuff

9 in the attic. And then after our injunction, we took

10 it to our attorneys. But I'll admit I never did a

11 computer search.

12 Q And when you did find the material on the computer, is

13 there any particular reason why you just didn't burn it

14 to a DVD and surrender it as ordered?

15 A I did. I did burn it to a DVD. I turned it over to

16 NXIVM's local counsel. I immediately alerted the Court

17 about that, a couple of days after that. And I

18 admitted it to the Court that we found that through

19 discovery. Had we not had the discovery, that computer

20 would probably still be up in the attic and I wouldn't

21 even know it was there now.

22 Q And you still possess that material?

23 A That's correct.

24 Q All right. Let's turn to page P-8 -- or Exhibit P-8.

25 Do you recall being co-author of Exhibit P-8,



1 Plaintiff's 8?

2 A I remember -- yeah, I remember us as a group, except I

3 don't believe Jan Heim or Sheila Cote were there. We

4 worked on this for hours.

5 MR. CROCKETT: And move to admit?

6 THE COURT: Any opposition?

7 MS. DONES: No, Your Honor.

8 MS. WOOLHOUSE: No.

9 THE COURT: P-8 is admitted.

10 Q (By Mr. Crockett) And in this exhibit you tell Keith

11 and Nancy -- I assume that's Keith Raniere and Nancy

12 Salzman, correct?

13 A That's correct.

14 Q You say, if these requests are not met, we will move

15 forward by contacting the press. Do you see that?

16 A Okay. Can you tell me where you're at?

17 Q Yes. It's six lines up from the bottom, first page.

18 "If these requests are not met, we will move forward by

19 contacting the press."

20 A That's correct.

21 Q And indeed, you contacted numerous press organizations?

22 A That's incorrect.

23 Q You talked to Vanity Fair?

24 A I didn't contact any press.

25 Q You spoke to Vanity Fair?

1 A They all contacted me, after Barbara Bouchev's filing  
2 in the Precision Development case came out.

3 Q And you provided information to Vanity Fair, correct?

4 A All I did was share my experience.

5 Q Okay. And you provided information to Jim Odat of an  
6 Albany paper, correct?

7 A That's correct.

8 Q And you provided information to the New York Post?

9 A I didn't provide any -- you know, I don't remember  
10 talking to the press.

11 Q All right. So let's turn to the second page where it  
12 appears that the demand that you're making is for  
13 \$259,000?

14 A That's correct.

15 Q So that's a -- you claim that you were owed that sum  
16 for work that you did, correct?

17 A Well, the \$9,000 was my April --

18 Q I spoke to the \$259,000.

19 A Well, but they're different amounts.

20 Q Well, is it correct to say that a part of -- let's  
21 focus on the \$250,000. All right. Is it correct to  
22 say that that \$250,000 you wanted for work that you had  
23 done?

24 A It is for the value that I created in the Tacoma  
25 center, which Ms. Bronfman has already testified had a

1           substantial value to it. And that was a verbal  
2           agreement that I had with NXIVM in regards to building  
3           a center.

4    Q    Tell me what value you created with this \$250,000? I  
5           mean, what value was that?

6    A    Well, they had an ongoing center based in Vancouver.  
7           They were able to transfer the Tacoma center, once we  
8           closed it. They were able to transfer a part of that  
9           to Seattle. They were able to transfer part of that to  
10          Vancouver. And so they still profit off of the value  
11          that I built.

12   Q    What was that value? Was that value in customers or  
13          clients?

14   A    Yeah.

15   Q    Was that value established by teaching curriculum  
16          material?

17   A    It was in regards to also building an infrastructure of  
18          coaches and proctors and stuff so that -- I mean, we  
19          were working on building the Vancouver area, and we  
20          were in the process of satelliting the center in  
21          Vancouver. Within the next year we were going to  
22          satellite in Vancouver.

23   Q    So the NXIVM organization, at least in your mind, at  
24          your location, had real value?

25   A    I believe I built a lot of value for Vancouver.

1 Q And you relied upon, in order to do that, the course  
2 material and curriculum that Mr. Ranieri had come up  
3 with, correct?

4 A Well, I think it was a joint effort. I mean, just  
5 because a box of curriculum sits there doesn't make  
6 NXIVM any money. It's the work that's put into  
7 providing the students that pay for that box of  
8 material.

9 Q And it's correct, that's the way NXIVM works. They  
10 combine the psyche and intellect of a trained coach  
11 with the course curriculum to deliver a product of  
12 value, correct?

13 A And I believe I provided a lot of that value.

14 Q No, that's -- is it correct to say that the NXIVM model  
15 is to combine the psyche and intellect of a trained  
16 coach with course curriculum material that somebody's  
17 created, correct?

18 A You're asking me to come up with a conclusion that I  
19 don't know.

20 Q Well, I want to know the value -- you're claiming  
21 \$50,000 in value. It's based upon the course  
22 curriculum and the training, correct?

23 MS. DONES: Your Honor, I'd like to object.  
24 I don't know how this is relevant to your claims  
25 against us.

1 MR. CROCKETT: Well, you know --

2 MS. DONES: I don't understand how this is  
3 relevant to the remaining claims left against us.

4 THE COURT: Well, before you -- what is the  
5 relevance?

6 MR. CROCKETT: Well, the relevance is here,  
7 Your Honor, that the material that she's refusing to  
8 turn over, that she hasn't turned over, that's on her  
9 computer, it has real value. It's a valuable  
10 intellectual property, by her own words, her own  
11 document. And so one of the things we have to  
12 establish in terms of our trade secret argument is that  
13 this is the kind of material that a competitor could  
14 use to create value on its own and that we'd need an  
15 injunction to protect it. And in her -- I'd like the  
16 Court to take judicial notice of the fact that her  
17 petition claims that the client list is of zero value.  
18 And here she says that all of this is worth \$250,000 in  
19 value. I mean, that's --

20 THE COURT: I do think it's relevant on the  
21 question of whether there's substantial likelihood of  
22 irreparable harm if the information is disclosed to  
23 someone else. So I will overrule your objection,  
24 Ms. Dones.

25 MS. DONES: Okay. But continuing to ask

1           about the financial part of it?

2                       THE COURT: I think you need to prove to the

3           Court that the disclosure would cause substantial and

4           irreparable injury to them. And I think this is

5           relevant on that question.

6   Q       (By Mr. Crockett) So let's turn to Exhibit P-9,

7           Plaintiff's 9. And this is an email that you authored

8           and sent to somebody, but at least yourself, on May

9           22nd, 2008, correct -- 2009, correct?

10  A       That's correct.

11  Q       And by that time you had resigned, correct?

12  A       That's correct.

13  Q       And take a look at what we've underlined. And it says,

14           "We can go over all the modules and [unintelligible],

15           not by retaking them, but bring your notes if you want

16           and dig into what was profound for us about each of

17           these modules." Do you see that?

18  A       That's correct.

19  Q       So you were starting to lay the groundwork for using

20           MXIVM's intellectual materials for your own financial

21           or psychological benefit after your resignation as a

22           center owner, correct?

23  A       No. That inference is incorrect.

24                       MR. CROCKETT: Move to admit Exhibit P-10,

25           Plaintiff's 10.

1 THE COURT: Any objection?

2 MS. DONES: Well, I mean, I think that

3 they're inferring, and I think on cross-examination

4 that the inference will be shot down in regards to

5 that.

6 THE COURT: Well, I realize there's going to

7 be two interpretations of what's going on here.

8 MS. DONES: Okay.

9 THE COURT: But I'm going to admit it.

10 Q (By Mr. Crockett) And let's look at Exhibit P-6,

11 Plaintiff's. And is the email in the middle, that's

12 from you to Barbara Bouchey dated May 16th, 20 -- April

13 16th, 2009, something that you've signed?

14 A Yes.

15 Q And exactly what date did you resign?

16 A The 20 -- gosh, I don't remember. The 24th? Around

17 there.

18 Q The 24th or so of April, correct?

19 A That's correct.

20 Q So a few days before you officially resigned, it looks

21 like you sent an email saying, "Here are some questions

22 I'd like to explore. With the confidentiality/no

23 compete document we signed, how does that affect us

24 going into the world with other workshops? I ask

25 because Nancy and Keith seem so sue happy." Do you see

1           that?

2    A    That's correct.

3    Q    Those are your words, correct?

4    A    That's correct.

5    Q    And you signed a confidentiality agreement and a no

6           compete agreement, correct?

7    A    That's correct.

8    Q    And the confidentiality agreement is what's Exhibit 1

9           in my binder, or at least if that's not your signature,

10          you signed one exactly like that?

11   A    I don't know if I signed one exactly like that. I

12          remember signing one, but I don't remember the content

13          of it.

14   Q    But that one would have told you to keep everything

15          confidential and not compete, correct?

16   A    I don't know. I think it would have told me to keep

17          their stuff confidential, but I don't know in regards

18          to compete.

19   Q    But you admit -- you tell Barbara Bouchey here that you

20          signed a no compete document?

21   A    That's right.

22   Q    And then the second bullet point says, "Do you think

23          there is any way they would let us repackage level 1,

24          rename it, no connection for Keith, Nancy, as that

25          whole thing is killing business?" Do you see that?



1 A Yes.

2 Q So you were discussing with Barbara Bouchey the  
3 prospect of taking NXIVM's course material and  
4 repackaging it?

5 A That's not correct. We weren't talking about taking  
6 it. It says, Do you think they would any way let us.

7 Q And then the third bullet point says, [Unintelligible]  
8 be part of the training and repackage it and leave out  
9 [unintelligible]. Is that using their stuff? Do you  
10 see that?

11 THE COURT: Where am I looking at?

12 MR. CROCKETT: It's the third bullet point.

13 MS. DONES: Yeah, third bullet point down.

14 Q (By Mr. Crockett) "A lot of this stuff was on the  
15 market before ESP was formed." Do you see that?

16 A That's correct.

17 Q So it looks like you were having discussions with  
18 Barbara Bouchey about figuring out some way to get  
19 around your non-compete and your confidentiality  
20 agreement?

21 A I think we were exploring the possibility of if Keith  
22 and Nancy would allow us to do that. We believed the  
23 cult stuff was killing our businesses. It doesn't mean  
24 that we wouldn't have an agreement with them to do  
25 that. As a matter of fact, I asked Keith Raniere after

1           the second day of the video if he would allow us to do  
2           that and he said no. And since then, there has been  
3           nothing.

4    Q    And then Exhibit 7, do you recognize meeting notes  
5           prepared prior to your your video meeting with Keith  
6           Ranieri?

7    A    You showed this to me at my deposition, and I didn't  
8           recall it then and --

9                   THE COURT: I'm sorry?

10   A    P-7 (Continuing) -- and I don't recall this.

11   Q    (By Mr. Crockett) Well, my specific question is is  
12           this an agenda of the things that you planned on  
13           discussing at the meeting?

14   A    I don't recall. I don't remember seeing this.

15   Q    Please turn to Exhibit Plaintiff's 10. Do you remember  
16           sending this email to Nancy Salzman -- or to, I'm  
17           sorry, Barbara Bouchev?

18   A    Yes, I do.

19   Q    Do you remember sending marketing information to  
20           Barbara Bouchev?

21   A    I remember sending -- she asked me to send her some  
22           information. She was afraid she was going to be sued.

23   Q    She was out of NXIVM at this point in time, correct?

24   A    Yeah. But I think this was all my own work product,  
25           not NXIVM's material.

1 Q So NXIVM info -- it's called NXIVM info. You say  
2 that's your material?

3 A Well, I worked for NXIVM. Of course I would label  
4 everything NXIVM, blah, blah, blah.

5 Q Sales and Marketing Information, that's your material  
6 as opposed to NXIVM's?

7 A Do you have the attachments?

8 Q Do you believe that, at the time -- that Barbara  
9 Bouchey was on the outs with NXIVM at this time?

10 A I believe she was under the confidentiality agreement,  
11 the same as I was.

12 Q That's not my question. At the time that you sent this  
13 agreement, was NXIVM on the outs with NXIVM -- was  
14 Barbara Bouchey on the outs with NXIVM at this time?

15 A You'd have to ask Barbara that.

16 Q I'm asking you.

17 A She had resigned.

18 Q All right. And she had resigned at the same time you  
19 resigned, correct?

20 A Yes, that's correct.

21 Q All right. Let's turn to --

22 MR. CROCKETT: Move to admit Plaintiff 10?

23 THE COURT: Any objection, Ms. Woolhouse or  
24 Ms. Dones?

25 MS. DONES: No, I don't have any objections,

1           Your Honor.

2                       THE COURT: Exhibit 10 is admitted.

3   Q       (By Mr. Crockett) Exhibit P-12, Plaintiff's 12, do you  
4           remember sending this series of emails to Barbara  
5           Bouchev on January 14th, 2010?

6   A       You know, I don't remember sending her stuff on that  
7           date. And I went back to check my emails, and I  
8           couldn't find that date. I thought that I had sent  
9           Barbara Bouchev everything on the same day. I don't  
10          remember sending her stuff later.

11   Q       But you stipulated to the authenticity of this  
12          document. Do you remember that?

13   A       Right. But when I did, I didn't notice the date. And  
14          and I don't remember sending her anything this late.

15                       MR. CROCKETT: Move to admit.

16                       MS. DONES: And I want to object, Your Honor,  
17          because I don't know if the date is accurate.

18                       MR. CROCKETT: She stipulated to it, Your  
19          Honor.

20                       THE COURT: Well, it was already stipulated,  
21          so why would we need to admit it?

22                       MR. CROCKETT: Because I thought I'd have to  
23          formally move to admit something, even if it's  
24          stipulated.

25                       THE COURT: I'm going to treat all the

1 stipulated admissions that are contained in the  
2 document you guys sent me as admitted.

3 MR. CROCKETT: Thank you, Your Honor.

4 THE COURT: So that's -- it's the Joint  
5 Stipulations and Parties' Objections Regarding  
6 Admissibility and Authenticity of Exhibits. If it's  
7 admitted on that document, I'm assuming you both  
8 stipulated to the admission of whether it's a  
9 plaintiff's exhibit or a defendant's exhibit. You  
10 don't need to offer it anymore.

11 Q (By Mr. Crockett) So why were you sending to Barbara  
12 Bouchey, many months after her resignation, things like  
13 sales reports, marketing reports, Tacoma family values,  
14 intensive lists, Belfast intensive lists? Why were you  
15 sending those things to Barbara Bouchey?

16 A Barbara Bouchey, we were all pretty sure that,  
17 regardless of anything, that NXIVM was going to find a  
18 way to come after and sue us. And so what Barbara  
19 Bouchey told me was that she wanted these documents to  
20 keep together certain information as a way to protect  
21 herself if NXIVM came in to sue her.

22 Q Look at the date on this. This is only seven days  
23 after the injunction in this case. Didn't that cause  
24 you any concern?

25 A I don't remember sending -- and I apologize. I didn't

1 look at the dates when I approved the stipulation. But  
2 I asked Barbara Bouchev about this in her deposition,  
3 and she doesn't remember this late date, either.

4 Q Do you think that client lists and financial data about  
5 intensive activity, do you think that that would be  
6 something that NXIVM would want to keep confidential?

7 A I think that there's a difference between NXIVM's  
8 material and my work product.

9 Q Let's focus on the question. Do you think that client  
10 lists developed at a center and financial data  
11 pertaining to intensive performance, do you think that  
12 those kinds of things are something that NXIVM would  
13 not want to get out in the public?

14 A I didn't send them to Barbara Bouchev with the idea  
15 that she would get them out into the public. She was  
16 under a confidentiality agreement.

17 Q Let us focus on the question. Let us focus on the  
18 question. Okay? The question is different than what  
19 you think it might be.

20 A Okay.

21 Q Do you think that things like intensive lists,  
22 intensive performance, center performance, Belfast  
23 intensive performance, client lists, financial  
24 performance, do you think that's the sort of thing that  
25 NXIVM ordinarily would want to keep concealed from the

1 public?

2 A I would assume, based on our confidentiality, they want  
3 to keep everything a secret.

4 Q Especially financial and client lists, correct?

5 A I don't know how that would be any more and especially  
6 than anything else.

7 Q And when you sent this to Barbara Bouchev, did you have  
8 conversations with her about your concerns that this  
9 might be contrary to your own confidentiality  
10 agreement?

11 A To my confidentiality agreement?

12 Q Yes, ma'am, to your confidentiality agreement.

13 A I never suspected that Barbara Bouchev would do  
14 anything except save that document in case she needed  
15 it for her court case.

16 Q I think my question seeks a little different  
17 information. And you're under oath, so I'd like you to  
18 really --

19 THE COURT: We know they're under oath,  
20 Mr. Crockett. We don't need any more reminders. I'll  
21 try to remind the witnesses. So that's enough  
22 reminding them under oath.

23 Q (By Mr. Crockett) All right. Just think back. Do you  
24 think that when -- before you sent this information to  
25 Barbara Bouchev, that you had had discussions with her

1           about your concern that, Gee, maybe I might be  
2           violating my own confidentiality agreement?

3    A    I didn't have that conversation with Barbara Bouchey.  
4           And I guess because maybe I assumed that we had shared  
5           documents over the years, we worked together at NXIVM,  
6           that she would keep the information confidential.  If  
7           she turned it over to the public, then I think she  
8           would be responsible for that.

9    Q    Now, when you were at the three-day meeting, do you  
10          know why people requested a meeting with Keith, as  
11          opposed to Nancy, Keith Raniere as opposed to Nancy  
12          Salzman?

13   A    I think Barbara believed that it was because the  
14          issues, the personal issues in regards to Keith, the  
15          ones that I'm not supposed to mention, that there was  
16          no reason to take those issues to Nancy.

17   Q    Why did you not hold it at some public place or  
18          somebody's house instead of at Apropos?

19   A    I think that Barbara believed that it was a more  
20          neutral place than her house.  And we didn't want to  
21          use the NXIVM center.  So we held it at a place that we  
22          believed was more neutral.

23   Q    And have you ever seen any non-NXIVM events occurring  
24          at Apropos?

25   A    I think there's been Jeness there.  And my



1 understanding is Jeness and NXIVM are separate  
2 curriculum.

3 Q But Jeness is a product of Keith Raniere, correct?

4 A And again, I don't understand how this question is  
5 relevant to our case.

6 THE COURT: How do you spell Jeness?

7 MR. CROCKETT: J-e-n-e-s-s.

8 A (Continuing) And so, again, I don't know where the  
9 meeting was held. I don't know how it's relevant.

10 THE COURT: I'm going to treat that as an  
11 objection, and I'm going to overrule it.

12 Q (By Mr. Crockett) Did you receive demands to return  
13 the materials prior to the injunction in this case?

14 A There was a claim of emails that went between myself  
15 and NXIVM's attorney trying to work out an agreement on  
16 giving them the materials back.

17 Q What's an arbitration in NXIVM's jargon?

18 A I don't really know how to answer that. It's where  
19 people are having issues, and you get somebody together  
20 to help try to figure out how to best deal with the  
21 arbitration.

22 Q Is that particular to NXIVM jargon, do you think?

23 A No, I don't think so.

24 MR. CROCKETT: Plaintiff moves to admit  
25 Exhibit 1, Your Honor, the confidentiality agreement?

1 MS. DONES: I think I'm going to object.

2 THE COURT: Have I -- this hasn't been

3 authenticated. I know Ms. Bronfman identified

4 Ms. Derkes' signature. And I thought Ms. Woolhouse's

5 testimony was iffy on whether this is Ms. Dones'

6 signature.

7 Ms. Dones, what's the basis for your

8 objection?

9 MS. DONES: Well, a couple of things. One is

10 that it hasn't been authenticated. Two, I asked a

11 long time ago for them to provide something from Lisa

12 Derkes directly, that that was her signature, and that

13 I don't know if the contents in between were changed,

14 added to. And if you look at Ms. Woolhouse's

15 confidentiality agreement, it's not the same format.

16 And they couldn't find hers. And my understanding is

17 that they lost a lot of confidentiality agreements.

18 And so -- and I don't believe that that's my signature.

19 MR. CROCKETT: Let me try a little bit more,

20 Your Honor.

21 Q (By Mr. Crockett) Did you sign the equivalent of

22 Exhibit 1?

23 A I don't recall if it was the equivalent. I don't know

24 if it was the equivalent. I don't know if it was

25 shorter. I don't know if it was the same.

1 Q Fine.

2 MR. CROCKETT: Your Honor, I'd like to read  
3 from the deponent's testimony on Exhibit 1. I'd like  
4 to approach the Court with the exhibit -- deposition  
5 Exhibit 1.

6 THE COURT: So this is different from the  
7 Dones deposition -- oh, this is volume 2. Gotcha.

8 MR. CROCKETT: And I'd like the Court to take  
9 judicial notice of the fact that in the deposition,  
10 Exhibit 6 is the same thing as Exhibit 1. And I've  
11 provided the exhibits to the Court, and the Court can  
12 see that Exhibit 6 is the same as Exhibit 1.

13 And I'd like to read from page 48, lines 15  
14 to 49:1.

15 THE COURT: 48, lines?

16 MR. CROCKETT: 15 to 49:1.

17 THE COURT: Sorry. Wait a minute.

18 MR. CROCKETT: 48:15 --

19 THE COURT: I know. I know. Oh, the line  
20 that begins, "Is it correct to say"?

21 MR. CROCKETT: Yes.

22 Q (By Mr. Crockett) Question, Is it correct to say that  
23 you signed the equivalent of Dones Exhibit 6, even  
24 though you were concerned about coercion?

25 Can you read your answer?

1 A Yes. Say that I did because I had a huge investment in  
2 getting there.

3 Q And then read your continued answer?

4 A It was either sign it or go home.

5 Q Question, And did you understand, as you continued to  
6 take training from NXIVM and receive their course  
7 materials, that NXIVM considered everything there to be  
8 confidential, correct?

9 Read your answer.

10 A I believe that they considered their course material  
11 confidential. I don't believe that that meant personal  
12 or professional behavior was confidential.

13 Q And is it correct to say this these long form  
14 confidentiality agreements, like the one in front of  
15 you, Exhibit 1, was the type that you and your staff  
16 handled on a routine basis in Tacoma?

17 A I don't know about Exhibit 1. I know Exhibit 3 was the  
18 kind of -- was the form that we used.

19 Q Let's focus on the long form confidentiality agreement.

20 A That is -- that's Kim Woolhouse's long form  
21 confidentiality. I recognize that confidentiality  
22 form.

23 Q And so you believe -- do you believe that your job was  
24 to make sure that everybody who came through NXIVM  
25 signed that form of the long form confidentiality

1           agreement?  Correct?

2    A       That was my job.

3    Q       And you believed that you were bound by the long form

4           confidentiality agreement?

5    A       I believe I'm bound by a confidentiality agreement.

6           What my question is is I don't know if this was my

7           confidentiality agreement.  If they would have provided

8           Ms. Woolhouse's and it was the same format, then that

9           would have made more sense to me.

10                   MR. CROCKETT:  Move to admit, Your Honor,

11           Exhibit 1.  She said in the testimony and the

12           deposition that it was the equivalent.

13                   MS. DONES:  Your Honor, I don't know if this

14           was my confidentiality agreement.  I mean, you can do

15           what you want, but I don't know.

16                   THE COURT:  Based on your testimony in the

17           deposition in which you said that you signed the

18           equivalent of Dones Exhibit 6, which, as Mr. Crockett

19           points out, is the same document as Plaintiff's Exhibit

20           1, I'm going to admit Plaintiff's Exhibit 1.

21                   MS. DONES:  Okay.

22    Q       (By Mr. Crockett)  Now, Ms. Dones, look at Exhibit 5,

23           Plaintiff's 5.  It's a 12-point mission statement?

24    A       That's correct.

25    Q       Is this something that you would require NXIVM clients

1           and customers to stand and recite at every session?

2    A    Only because I had to.

3    Q    But that's something you did, right?

4    A    Well, yeah, I mean --

5    Q    Can you read into the record that middle paragraph that

6           begins with, "The methods and information"?

7    A    The methods and information I'm learn in ESP are for my

8           use only. I will not speak to them or in any way give

9           others knowledge of them outside of ESP. Part of the

10          condition of being accepted into ESP is to keep all

11          this information confidential. If I violate this, I'm

12          breaking a promise and breaching my contract, but more

13          importantly, I'm compromising my inner honesty and

14          integrity."

15   Q    And do you recall the rules and rituals module in which

16          you studied and discussed the meaning for

17          confidentiality and not stealing somebody else's work

18          product?

19   A    I don't recall the rules and rituals module.

20   Q    But in this particular mission statement, you probably

21          recited this dozens or hundreds of times, correct?

22   A    Probably.

23   Q    And you had other people do it, correct? Right?

24   A    That was a part of being in ESP, is you had to read

25          their mission statement.

1 Q Was it done against your will? Or did you do it  
2 willingly?

3 A Well, if you didn't, then you were called suppressive.

4 Q Okay. Suppressive. Is that jargon?

5 A That's NXIVM jargon.

6 Q For not being a good contractor, right, a good coach?

7 A That's NXIVM's jargon for being a psychopath.

8 Q Okay. And so you, in order to avoid falling out of  
9 favor with NXIVM, for years and years and years, you  
10 recited that confidential material, correct?

11 A I recited it -- I recited the mission statement.  
12 That's correct.

13 Q And in the three-day video, did you refer to  
14 Mr. Raniere as Vanguard?

15 A I always called him Vanguard. I never called him  
16 Keith.

17 Q Is that his title?

18 A That's just -- I know him as Vanguard. I don't  
19 separate Keith the man from Keith the conceptual  
20 founder.

21 Q Did you consider him the leader of NXIVM?

22 A I think that -- I've heard both ways. I've heard that  
23 he --

24 Q I don't care what you've heard -- I just want to --

25 A I think he runs the show. That's correct.

1 Q And one of the reasons why you talked to him on the  
2 video is because you thought he ran the show, correct?  
3 A I didn't talk to him because I thought he ran the show.  
4 I talked to him because we decided he was the best  
5 person to go to. He was the one person involved in the  
6 things that I'm not supposed to discuss at trial.  
7 MR. CROCKETT: Could I consult with my client  
8 for 30 seconds, Your Honor?  
9 THE COURT: Yes.  
10 MR. CROCKETT: Thank you.  
11 MS. WOOLHOUSE: Could we get a quick recess,  
12 like two minutes? I have to run to the bathroom.  
13 THE COURT: Yes, of course, Ms. Woolhouse.  
14 MS. WOOLHOUSE: Thank you.  
15 THE COURT: It's not clear to me why you  
16 think that you can't discuss whatever you want to  
17 discuss with respect to the three-day --  
18 MS. DONES: Well, because I thought we  
19 weren't supposed to discuss the sex or the gambling.  
20 THE COURT: I didn't grant that motion.  
21 MS. DONES: Oh, I'm sorry.  
22 THE COURT: I granted some motions in limine,  
23 but not that motion.  
24 MS. DONES: Oh, okay. Well, I'm sure  
25 Ms. Woolhouse will get her on cross-exam.



1                   THE COURT:  She's back.  Mr. Crockett, you  
2                   may proceed.

3                   MR. CROCKETT:  Yes, Your Honor.  I have no  
4                   further questions of this witness.

5                   THE COURT:  Okay.  Ms. Woolhouse, do you want  
6                   to --

7                   MR. CROCKETT:  Before I release -- before I  
8                   sit down, Your Honor, I would like just a couple of  
9                   housekeeping matters for today.  I'd like to move to  
10                  admit Plaintiff's 29, which is the Notice of Deposition  
11                  and Production of Documents in this case, P-30, which  
12                  is First Request for Production, and 31, which is Order  
13                  on NXIVM Corporation's Motion to Compel.

14                  MS. DONES:  We have no objection.  Well, I  
15                  don't.  I don't know about Ms. Woolhouse.

16                  MS. WOOLHOUSE:  I don't see any objections.

17                  THE COURT:  I'm sorry, Ms. Woolhouse.  I  
18                  didn't hear --

19                  MS. WOOLHOUSE:  I don't see any -- I mean,  
20                  I'm not sure what I would be objecting to at this  
21                  point.

22                  THE COURT:  So 29, 30 and 31 are admitted.

23                  MR. CROCKETT:  Oops, I made a mistake.  
24                  They're already stipulated, Your Honor.

25                  THE COURT:  You may proceed, Ms. Woolhouse.

1 MS. WOOLHOUSE: Thank you, Your Honor.

2 MS. WOOLHOUSE: Excuse me. Sorry.

3

4 CROSS-EXAMINATION

5 BY MS. WOOLHOUSE:

6 Q So regarding any of the exhibits that are questionable,  
7 the emails that were just recently submitted within the  
8 last week, how do you know for sure that any of those  
9 were possibly submitted? Like how do you know the  
10 proof of what they're trying to claim, that these are  
11 your emails?

12 MR. CROCKETT: Objection --

13 THE COURT: I'm a little confused. Maybe you  
14 can rephrase the question, Ms. Woolhouse.

15 Q (By Ms. Woolhouse) I just think it's interesting that  
16 we received all of these emails at the last -- the 11th  
17 hour. And all of them were unable to authenticate how  
18 they were put together. So I guess my question is what  
19 do you believe, then, is -- I'm sorry. I lost my train  
20 of thought. I'll come back to that. Sorry.

21 You were talking about the circumstances of  
22 signing the very first confidentiality agreement. Were  
23 you under any kind of time pressure at all? Had you  
24 been given time ahead of time to look over the  
25 confidentiality agreement and get a legal opinion of

1           it?

2                       MR. CROCKETT:  Objection, irrelevant, no

3           affirmative defense along those lines.

4                       THE COURT:  Overruled.

5                       MS. DONES:  Does that mean I can answer?  I

6           forgot.

7                       THE COURT:  Yes.

8                       MS. DONES:  Sorry, I forgot.

9                       THE COURT:  If I sustain the objection, you

10          cannot answer the question, and if I overrule the

11          objection, then you can.

12                      MS. DONES:  Okay.  Thank you, Your Honor.

13    A       We flew into New York to take the 16-day training.  We

14           showed up, I think was it 8:00 in the morning, and the

15           confidentiality agreement was handed to us.  And it had

16           a lot of what I believe is legal jargon.  And so I

17           asked.  I said, you know, what is this.  And I was

18           told, oh, it's just a form.  You don't have to worry

19           about it.  If you're not going to steal our material

20           and teach it on your own, you don't have to worry about

21           anything.  And that's not my character is to steal

22           stuff and do that kind of stuff.

23                      So I just signed it in good faith, believing

24           that that's what it pertained to.  It pertained to

25           NXIVM's training materials.  And I didn't know all the

1           other stipulations in regards to it and all the  
2           legality of it; nor, during the time when students  
3           would come to me and say, what am I signing -- I didn't  
4           understand it -- and I would just say, well, as long as  
5           you're not going to steal our material and you're not  
6           going to teach it, then there shouldn't be a problem.  
7           And if people didn't sign it, they had to leave. And  
8           they wouldn't get their deposit back.

9                       And so, you know, I just signed it. I felt a  
10          little duressed, but I knew my character, and so I  
11          wouldn't worry about it.

12                      Now, whether it said the whole thing that it  
13          says, I don't recall, because I had asked for a copy of  
14          it and I was never provided with a copy of it. And I  
15          asked for a copy of it when I left NXIVM, through  
16          NXIVM's attorney, and they wouldn't provide me with a  
17          copy of it. The first time I ever saw a copy of the  
18          confidentiality agreement was when NXIVM came into our  
19          bankruptcy.

20    Q        (By Ms. Woolhouse) So based on what you knew about the  
21              company being ethical, is what we were told, then is  
22              that one of the reasons that you were willing to sign  
23              that? As far as the good faith part? You said you  
24              signed it in good faith?

25    A        Yeah. I mean, that were lot of people there, and a lot

1 of people just kept saying, you know, Keith is the most  
2 ethical person in the world. And I just believed that  
3 that was true. And as time went on, I believed Keith  
4 would uphold his word on anything. So any verbal  
5 contract that I had, I just believed that he would  
6 uphold.

7 It wasn't until after the three-day meetings  
8 -- well, it was actually before that when we met with  
9 Barbara Bouchey, and she was explaining some of her  
10 experiences and other people in the group were  
11 explaining their experiences, and I started to cobble  
12 together my experiences that I started the question  
13 that maybe this isn't the above-board humanitarian  
14 ethical organization that we believed that it was.

15 Q Okay. With respect to the value that you built in  
16 Exhibit 8 -- actually, I'm sorry. I think it's the  
17 following exhibit that he used where you talk about the  
18 \$259,000 value exchange, so what does it --

19 THE COURT: Is it 6?

20 MS. DONES: Exhibit 8, the second page.

21 THE COURT: Okay.

22 Q (By Ms. Woolhouse) Thank you. So was there a protocol  
23 for building a center? Like did NXIVM actually have a  
24 written protocol for building a center outside of  
25 Albany, New York?

1 A No. It was -- as a matter of fact, I was one of the  
2 first people to develop a center and had actually been  
3 developing it for quite a long time before Edgar Burn  
4 from Mexico came in. And I think we chartered our  
5 centers right around the same time with each other.

6 Q So were there meetings with Keith, then, after the  
7 first intensive regarding what it might take to build a  
8 center or what it might look like to continue working  
9 with NXIVM?

10 A Well, what I was told was that it was a phenomenal  
11 business opportunity. And I was showed a basic  
12 one-page business plan in regards to commissions,  
13 splits and things like that. And I was told by an  
14 array of higher up people like Barbara Jeske, Nancy  
15 Salzman, the president of the company, and stuff that  
16 it would take probably 90 days to six months to charter  
17 a center and that what they expected for their center  
18 people -- I said, well, is it a franchise, and he said,  
19 no, it's not a franchise. It's like a car dealership  
20 where, you know, you pay all the upfront costs of that,  
21 and then you'll continue to profit off that, and you'll  
22 build a businesses just like any other network  
23 marketing company that's a business that's sellable.  
24 Meaning, in actually building a center and being a  
25 field trainer, you build up residual income that is

1           available -- that isn't available through the other pay  
2           plans such as head trainer and -- even with a proctor  
3           organization, there's supposed to be a residual that  
4           goes on in regards to that.

5   Q       Okay.  So prior to joining NXIVM, you were in some  
6           multi-level marketing companies.  What was your -- when  
7           you saw how Keith laid out the business, the possible  
8           business, did you see any similarities to that?

9                       MR. CROCKETT:  Objection.

10  A       It seemed very similar in regards to that.  And so I  
11           just --

12                       THE COURT:  Just a second.  Go ahead?

13                       MR. CROCKETT:  Objection, relevance.

14                       MS. WOOLHOUSE:  They're talking about the  
15           value that we created.  I'm trying to lay a foundation  
16           of her experience in building a business and comparing  
17           it to --

18                       THE COURT:  I'm going to sustain the  
19           objection.  I'm not quite sure how her experience in  
20           creating a business or -- I think the issue, again, is  
21           whether or not your not being enjoined would somehow  
22           cause irreparable injury to them.  It isn't damages or  
23           loss.  There is an issue regarding whether or not there  
24           were misstatements in the schedules.  But I don't  
25           really think this relates to that.  So I'm going to

1 sustain the objection.

2 MS. WOOLHOUSE: Okay. If it --

3 THE COURT: I do think that there's areas to  
4 be inquired regarding the value. It has to do with the  
5 claims against her with respect to the denial of her  
6 discharge and with respect to the claim by NXIVM that  
7 somehow they were irreparably -- or will be irreparably  
8 damaged if you're enjoined from disclosing the  
9 materials. So we've got to keep it in that.

10 MS. WOOLHOUSE: Okay. So if I asked it about  
11 -- because it's as if the actions of writing our  
12 resignation letter speaks to the character of somebody  
13 that might damage the company, I guess. And so I'm  
14 trying to address the fact that a normal business  
15 person, that would be a normal analysis or evaluation  
16 of a business that it's not something out of the  
17 ordinary to ask for. It seems like we're having to  
18 defend ourselves from the character assassination about  
19 even being able to ask for the value exchange for it.

20 THE COURT: Yeah, and I don't think that  
21 issue is really on the table anymore. Mr. Crockett, I  
22 know you went into it a little, but hopefully -- I  
23 don't understand how whatever -- since you're no longer  
24 claiming that it's a nondischargeable debt, I don't see  
25 the point, other than as it relates to the 727 action



1           and the denial of discharge claims.

2                   MR. CROCKETT: Well, yes, but the value --  
3           the reason why I addressed the value to Your Honor with  
4           the witness is to show that she thinks that this  
5           material has value. And that's why there would be  
6           irreparable harm if we didn't do something about it.

7                   THE COURT: So it's really not about -- go  
8           ahead, Ms. Woolhouse.

9                   MS. WOOLHOUSE: Yeah, because the value that  
10          he's talking about is separate from what we put into  
11          the resignation. It was the value of -- it wasn't the  
12          value of the materials. It was the value of actually  
13          creating infrastructure for a business that could be  
14          carried on. And I know NXIVM continues to reap  
15          benefits from this value that we built.

16                  THE COURT: And their argument is that if  
17          you're not enjoined from using the materials, they will  
18          lose that value. So it's not that -- I don't think  
19          they're saying -- the issue of whether you're entitled  
20          to make a claim for the value of that company is no  
21          longer before the Court.

22                  MS. WOOLHOUSE: Okay. I apologize.

23                  THE COURT: No, it's okay. I'm working  
24          through this myself, because the claims changed, and  
25          trying to figure out the relevance of this thing. You

1           don't need to apologize. But I'm going to sustain the  
2           objection.

3                       MS. WOOLHOUSE: Okay. Yes, it's very  
4           confusing to me at times.

5   Q       (By Ms. Woolhouse) So in the resignation letter in  
6           Exhibit 8 where it talks about going to the press, why  
7           do you think that was put in there?

8   A       Well, we deliberated about this resignation letter for  
9           hours. And it's interesting, like I wasn't in a very  
10          good emotional place because my whole world had just  
11          crumbled around me. The people that I believed in and  
12          that I spent years selling to people, I found out were  
13          liars and that things were going on that I believed  
14          made NXIVM a cult. And that was the one thing that I  
15          didn't want to be a part of.

16                      So when we wrote this letter, I was like  
17          emotionally not in a good place. I say like in a fog.  
18          And my understanding, when we wrote this letter, is  
19          that we would put that if you didn't respond, we would  
20          go to the press. Because I believed Keith and Nancy  
21          with would ignore it, because I had so much history of  
22          them just ignoring things. When I saw this letter,  
23          when NXIVM came into our bankruptcy, I was actually  
24          shocked that it said what it said.

25                      I believe that we wanted to put a squeeze in

1           there to just get them to respond. I mean, they could  
2           have responded and said, we don't believe we owe you  
3           anything. They could have responded and said, you  
4           know, you over inflated what you think the value of  
5           your school is. They could have done anything. But  
6           what they did is they threatened us with a criminal and  
7           civil action. That was their response.

8   Q       So is there anything else in the letter?

9   A       I didn't understand your question.

10  Q       I'm sorry. I don't have the exhibit in front of me.  
11           But I believe there were certain time frames. Were any  
12           of those demands --

13  A       Well, we asked them to respond within 24 hours and they  
14           did. They sent us a threatening letter from their  
15           attorney.

16  Q       So was the exact word "requested"?

17  A       Yes.

18  Q       I'm sorry. I don't have the exhibits in front of me.

19                       THE COURT: You can bring the exhibit up.

20                       MS. DONES: They're right behind you.

21                       THE COURT: Is that the right one?

22                       MS. DONES: Yeah.

23  Q       (By Ms. Woolhouse) Exhibit P-6. So I heard  
24           Mr. Crockett infer that you were breaching your  
25           confidentiality agreement with this exhibit. So in the

1 statement that said it's -- after, "Here are some  
2 questions I would like us to explore," there are three  
3 bullet points. "So with respect to the very first  
4 bullet point, with the confidentiality/no compete  
5 document we signed, how does that affect us going out  
6 into the world with other workshops? I ask this  
7 because Nancy and Keith seem so sue happy."

8 So what was your intent for asking that  
9 question, just asking it?

10 A Well, I believe that if things within the organization,  
11 that if we couldn't come to some kind of agreement on  
12 things, that I would have to leave. And I loved  
13 working with people. And I knew that we had a no  
14 compete, so I was just wondering if we did something  
15 that didn't compete with NXIVM, would that be a  
16 possibility.

17 Q So were you trying to be honorable in upholding your  
18 confidentiality agreement, then?

19 A I would never take their stuff and use it as my own.

20 Q Okay. With respect to the second bullet point, "Do you  
21 think there is anyway they would let us repackage level  
22 one, rename it, no connection to Keith or Nancy, as the  
23 cult thing is killing business." How did you know that  
24 that was true?

25 A I experienced it. I mean, I experienced it in my own

1           business, not so much in the Pacific Northwest, because  
2           we were kind of -- we were protected a lot from the  
3           cult stuff. But I saw how the cult stuff really  
4           affected Albany. I don't know about other centers  
5           because I didn't spend that much time talking to them.  
6           But I loved the curriculum.

7    Q       So when did that take place? When did the cult stuff  
8           start to happen?

9    A       In 2003.

10   Q       And so what exactly -- how did it kill business, then?

11   A       I don't really know. It's hard for me to testify to  
12           that because I've only had one person not enroll  
13           because of that. But it's just things that I heard in  
14           relationship to that. But I was wondering -- and I was  
15           talking to Barbara. I mean, she was Keith's girlfriend  
16           for years, and she's on the executive board. And I was  
17           just asking her if she thought that they would let us  
18           repackage it and take all the cult stuff out and  
19           separate from Keith or Nancy, and that we could pay  
20           them the royalty so we could continue to teach the  
21           program. But I would never do that without their  
22           permission.

23                       And I asked Keith the end of the second day,  
24           when I was pretty sure I was going to leave, when we  
25           were all done and everything was packed up and we were

1 walking out to the cars, I asked him if he would  
2 consider allowing me to do that. And he said no. And  
3 I accepted that as his final answer.

4 Q So you never questioned it and you wanted to uphold the  
5 confidentiality agreement with that?

6 A That's right, because I would never steal their stuff  
7 and make it my own and do anything with that.

8 Q Do you recall being asked to provide any data with  
9 respect to your organization about how the effects of  
10 the Rick Ross case was affecting your business?

11 A I was asked several times about that, to provide a list  
12 of names and stuff like that. And I could only ever  
13 come up with one. And I kept being pressured by  
14 people, like there's got to be more, come on, that kind  
15 of stuff. And it was only one person that I could  
16 recall.

17 Q So as a field trainer in the organization with the  
18 meetings that you all had as field trainers, with  
19 respect to that topic, how many people, actually, did  
20 they have as data that were affected?

21 A I don't know. I can just speak of my organization --

22 Q The Pacific Northwest had one?

23 A That was in my field trainer organization. I don't  
24 know about other field trainers.

25 Q And that occurred between the year 2003 until we left?

1     A     That's right.

2                     THE COURT:   Ms. Woolhouse?

3                     MS. WOOLHOUSE:  Yes.

4                     THE COURT:  It's 4:35.  It doesn't look like

5     this case is going to finish today.  So rather than try

6     to push it forward, I'm going to put trial over

7     tomorrow at 9:30.

8                     MS. WOOLHOUSE:  Okay.

9                     THE COURT:  And hopefully we will finish

10    tomorrow.

11                    Do you have any more witnesses, Mr. Crockett?

12                    MR. CROCKETT:  No, Your Honor.

13                    THE COURT:  In your case, Ms. Woolhouse and

14    Ms. Dones, do you know how many witnesses you intend to

15    produce?

16                    MS. DONES:  Just three, Your Honor.

17                    THE COURT:  Three witnesses.

18                    MS. DONES:  Just Ms. Woolhouse and myself,

19    and then we have asked our bankruptcy attorney to come

20    in and just explain a few things on our schedule.

21                    MS. WOOLHOUSE:  And Clare, also.

22                    MS. DONES:  Oh, and Clare possibly.

23                    THE COURT:  All right.  Well, I'm optimistic

24    -- I'll need to stop at 4:00 tomorrow, but I'm hopeful

25    that we'll finish tomorrow.

1 MS. WOOLHOUSE: Did you say 9:30?  
2 THE COURT: 9:30. Any questions?  
3 MR. CROCKETT: No, Your Honor.  
4 MS. WOOLHOUSE: Thank you, Your Honor.  
5 THE COURT: Court's in recess.

6 \* \* \* \* \*

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

ROBYN OLESON FIEDLER certifies that:

The foregoing pages represent an accurate and complete transcript of the entire record of the digitally-recorded proceedings before the HONORABLE BRIAN D. LYNCH presiding, in the matter of NXIVM v. DONES and WOOLHOUSE; and

These pages constitute the original or a true copy of the original transcript of the proceedings.

Signed and dated this 21st day of November, 2011.

by |s| Robyn Oleson Fiedler  
ROBYN OLESON FIEDLER,  
Certified Court Reporter.

1 UNITED STATES BANKRUPTCY COURT  
2 WESTERN DISTRICT OF WASHINGTON  
3 AT TACOMA

---

4 In re: )  
5 SUSAN FAYE DONES, ) No. 10-45608  
6 Debtor. )  
7 )  
8 NXIVM CORPORATION, a Delaware )  
corporation, )  
9 Plaintiff, )  
10 vs. ) No. 10-04338  
11 SUSAN FAYE DONES, )  
12 Defendant. )  
13 )  
14 NXIVM CORPORATION, a Delaware )  
corporation, )  
15 Plaintiff, )  
16 vs. ) No. 10-04339  
17 KIM MARIE WOOLHOUSE, )  
18 Defendant. )

---

19 TRANSCRIPT OF THE DIGITALLY-RECORDED PROCEEDINGS  
20 BEFORE THE HONORABLE BRIAN D. LYNCH  
21 SEPTEMBER 20, 2011, a.m. session

---

22  
23  
24 Reported by: Robyn Oleson Fiedler  
25 CSR #1931

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

For the Plaintiff:

MR. ROBERT D. CROCKETT  
Attorney at Law  
LATHAM & WATKINS LLP  
355 South Grand Avenue  
Los Angeles, CA 90071  
Phone: 213-891-8254  
bob.crockett@lw.com

and  
MS. TIFFANY SCOTT CONNORS  
Attorney at Law  
LANE POWELL PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101-2338  
Phone: 206-223-7267

Pro Se:

MS. SUSAN FAYE DONES  
MS. KIM MARIE WOOLHOUSE

EXAMINATION INDEX

EXAMINATION BY:	PAGE NO.
C. BRONFMAN - Direct Examination by Mr. Crockett	36
C. BRONFMAN - Cross-Examination by Ms. Dones	79
C. BRONFMAN - Cross-Examination by Ms. Woolhouse	114

1                   DIGITALLY RECORDED IN TACOMA, WASHINGTON

2                   SEPTEMBER 20, 2011, a.m. session

3                   --ooOoo--

4

5                   THE COURT: All right. We're here in the  
6                   matter of NXIVM v. Dones and Woolhouse, case Nos.  
7                   10-4338 and 10-4339. There are a few preliminary  
8                   matters I want to address. The first one has to do  
9                   with jurisdiction. I've read the pleadings and the  
10                  arguments. And, Mr. Crockett, I assume you're taking  
11                  the lead on this matter. My conclusion is that I do  
12                  not think that I have core jurisdiction in this case.  
13                  I don't think, (A), 157(b)(2)(A) or (E), this is not a  
14                  turnover of estate property, and I don't think the  
15                  general catch-all provision in (A) covers this type of  
16                  action.

17                  That said, there's still the question of  
18                  whether I have related-to jurisdiction in this matter.  
19                  And I think that I probably do, but that requires  
20                  consent. And particularly after Stern v. Marshall,  
21                  consent is not something that we tend -- we tend to  
22                  treat it as implicit in the past. I think we're trying  
23                  to get more explicit consent.

24                  In reading the answer from Ms. Dones and  
25                  Ms. Woolhouse, obviously you've consented by the very

1 fact that you're pursuing this action before me. But I  
2 want to make sure that I have your consent, Ms. Dones  
3 and Ms. Woolhouse, to trying this case before I  
4 proceed.

5 MS. DONES: Your Honor, I guess that's  
6 something that we, obviously, with our limited  
7 abilities, don't even know what we're consenting to.

8 THE COURT: You're consenting to me rendering  
9 final orders in this case.

10 MS. DONES: We've come this far, why not --  
11 I'd rather have it be over Thursday evening than have  
12 to go through this in another proceeding. So I agree.  
13 I don't know about Ms. Woolhouse. I can't speak for  
14 her.

15 MS. WOOLHOUSE: I'm not sure what the other  
16 options are, Your Honor.

17 THE COURT: Well, you would have to go in  
18 front of some -- there are a couple of different  
19 options. Another court might have to decide it, or I  
20 might make provisional findings and conclusions. Then  
21 they would be taken up to the district court and the  
22 district court would rule on them.

23 MS. WOOLHOUSE: No, I'd much rather have you  
24 proceed.

25 THE COURT: Thank you. Okay. Regarding the

1 exhibits and the motions in limine. First of all, with  
2 respect to the motion in limine by NXIVM, I see five  
3 categories. The evidence regarding the Washington  
4 State Inquiry Re Independent Contractor Status -- and  
5 let me ask Ms. Dones and Ms. Woolhouse whether they  
6 intend to present any evidence on this issue.

7 MS. DONES: Your Honor, I think in my trial  
8 brief that I made it clear that in regards to the  
9 Washington State Department of Revenue, once I found  
10 out what -- how NXIVM had --

11 THE COURT: Here's my question. Do you  
12 intend to present evidence about this in the case?

13 MS. DONES: Yes, Your Honor, I do.

14 THE COURT: Okay. How would this relate to  
15 the issues that are before me in this case?

16 MS. DONES: It's the same as my preliminary  
17 injunction hearing. It goes to show once I got the  
18 full picture of what NXIVM did to the Washington State  
19 Department of Revenue, I was either an accessory after  
20 the fact or I turned them in, not knowing how NXIVM  
21 would retaliate or Keith Raniere would retaliate, based  
22 on the fact that on a videotape, it's very clear that  
23 he admits that he's had people killed.

24 So it goes to NXIVM's claims against me that  
25 I released a part of that video.

1                   THE COURT: This inquiry regarding -- by the  
2                   Department of Revenue of the State of Washington, took  
3                   place when?

4                   MS. DONES: In 2005.

5                   THE COURT: Okay. I'm going to grant the  
6                   motion by NXIVM with respect to this issue. The issues  
7                   before me have to do with student materials and the  
8                   teaching and curriculum and that and the video that was  
9                   done much after that. And I don't see how the two can  
10                  be tied in.

11                  MS. DONES: Well, Your Honor, I just want --

12                  THE COURT: I've already --

13                  MS. DONES: But I would just like my  
14                  objection to go on the record in case there's an  
15                  appeal, just for the fact that it limits my defense.

16                  THE COURT: You've argued it.

17                  The next issue is the evidence regarding the  
18                  multi-level marketing. Do you intend to present some  
19                  evidence in that regard?

20                  MS. DONES: I didn't provide any exhibits in  
21                  regards to that. And again, it goes to the fact that  
22                  Keith Raniere and two of NXIVM's top leaders have been  
23                  enjoined permanently from the State of New York from  
24                  being involved in any chain distribution, multi-level  
25                  marketing -- which I was unaware until after I left and

1           then discovered that. And the fact that I think a lot  
2           of this case is in regards to trying to gag me. It's  
3           like I have sensitive material that, if investigated by  
4           the State Attorney General, could possibly bring  
5           criminal charges against NXIVM and Keith Raniere.

6                     THE COURT: I'm going to grant NXIVM's  
7           motion, exclude evidence about multi-level marketing.

8                     MS. DONES: And again, I just want my  
9           objection to be on the record.

10                    THE COURT: You don't need to -- I gather, by  
11           the fact that I've asked you whether you intend to  
12           present this evidence and your statements thereafter,  
13           that you're opposed to this motion. So it's not  
14           necessary that you further preserve it.

15                    The third item is the pseudopsychological  
16           aspersions. That's my shorthand term.

17                    MR. CROCKETT: Your Honor, it's the -- you  
18           missed one.

19                    THE COURT: I actually took it out of order.

20                    MR. CROCKETT: Okay. Sorry.

21                    THE COURT: Ms. Dones, this is the one where  
22           you express opinions about whether somehow the behavior  
23           Mr. Raniere demonstrated a cycle of abuse that you --  
24           in your opinion. And I want to remind you and  
25           Ms. Woolhouse -- I don't know how you're going to



1           testify, but you can testify about facts. Unless  
2           you're qualified to testify about opinions, you can't  
3           -- opinions are not appropriate testimony, meaning you  
4           have to be an expert and qualify yourself as an expert  
5           before you render the opinions.

6                       I'm not going to try to rule ahead of time on  
7           this one, because it's hard for me to picture exactly  
8           how the evidence will some come in. But if you've  
9           expressed an opinion, as opposed to relate to a fact, I  
10          may strike the opinion.

11                     MS. DONES: Yes, Your Honor.

12                     THE COURT: And I'm counseling you and  
13          Ms. Woolhouse to avoid venturing during into opinion  
14          testimony in this case. I think the argument from the  
15          NXIVM side is well taken. It's hard, in the abstract,  
16          to imagine where the line will be crossed over. But  
17          I'm basically counseling you and Ms. Woolhouse not to  
18          venture into opinions and stay on the facts.

19                     MS. DONES: And Your Honor, I'm very  
20          comfortable with that, as long -- and I'm sure it goes  
21          both ways.

22                     THE COURT: This doesn't require any comment  
23          from you. Not everything I say requires a comment from  
24          you.

25                     MS. DONES: But I'm assuming that it goes

1 both ways, in regards to opinions.

2 THE COURT: They're attorneys. They know the  
3 rules. You obviously are not. I'm reminding you what  
4 the rules are so that you try not to venture into an  
5 improper area of testimony.

6 MS. DONES: That's fine.

7 THE COURT: Obviously, I can strike it from  
8 the record, but they have a legitimate concern, based  
9 on your past comments, that you're going to venture  
10 into an opinion area as opposed to the statement of  
11 facts. Okay.

12 The next item is the evidence regarding the  
13 alleged sexual or financial misconduct of leaders of  
14 NXIVM. And I guess this one I need to address to you,  
15 Mr. Crockett. In the context of showing that  
16 revaluation of the videotape would cause irreparable  
17 harm -- and I gather you're not going to show me the  
18 videotape -- how am I going to get any evidence on  
19 irreparable harm if I don't know something about what's  
20 on the videotape? And isn't it certainly possible that  
21 it's relevant regarding -- or the allegations -- and I  
22 treat them as allegations -- are important, whether  
23 true or not, in terms of your allegation that revealing  
24 that videotape will cause irreparable harm to NXIVM.

25 MR. CROCKETT: Well, what I intend to do,

1           Your Honor, is I have a board member with me, who is  
2           the executive board member of NXIVM, who's reviewed the  
3           videotape and --

4                     THE COURT:   Sorry.   What, Mary?

5                     COURTROOM CLERK:   [Inaudible].

6                     THE COURT:   Sorry.   Unless you're right close  
7           to that microphone, it's hard to get it in.

8                     MR. CROCKETT:   I intend to have a board  
9           member from NXIVM testify as to the contents of the  
10          videotape, not for the truth of the matter asserted,  
11          but for the -- to describe how they are trade secrets  
12          and confidential information.   And she --

13                    THE COURT:   Was she present?

14                    MR. CROCKETT:   No.   She's reviewed the  
15          videotape.

16                    THE COURT:   Wouldn't that be hearsay?

17                    MR. CROCKETT:   No, it's not offered for the  
18          truth of the matter asserted.   In other words --

19                    THE COURT:   Well, but isn't it -- yes,  
20          obviously, there's hearsay in the sense of -- but you  
21          can have double hearsay, too.   In this case she's going  
22          to testify about what was testified about in the  
23          videotape.

24                    MR. CROCKETT:   All she's going to testify is  
25          as to the contents of the videotape.   She's not going

1           to testify that what the people said on the videotape  
2           were true or false. She's just going to say, here's  
3           the contents of the videotape.

4                   THE COURT: Sounds like hearsay to me,  
5           Mr. Crockett. I won't pre-address it. But from my  
6           perspective, I don't want to pre-rule on this issue  
7           that you've raised, because I don't see how I get to  
8           the nub of this case, at least with respect to the  
9           videotape claim, if I don't have some evidence, not  
10          admissible evidence, regarding what the irreparable  
11          harm is. And to get to the irreparable harm, I need to  
12          know what was in the videotape.

13                   MR. CROCKETT: Well, I'll deal with that when  
14          the time comes.

15                   THE COURT: I understand. All I'm saying is  
16          I'm not going to rule preliminarily that somehow the  
17          allegations are not admissible -- or evidence regarding  
18          the allegations are not admissible.

19                   MR. CROCKETT: But as to the sexual and  
20          financial conduct or misconduct of individuals and  
21          persons alleged in -- described in the videotape, I  
22          mean, our position is that that material is sensitive  
23          and shouldn't be revealed in public or shouldn't be  
24          disclosed at all. So it doesn't -- it's not necessary  
25          for us to describe the sexual and financial misconduct.

1       It's just -- it is sufficient to say it's there and  
2       shouldn't be discussed in public.

3               THE COURT: Well, that's, of course, the  
4       issue, whether you can present evidence regarding the  
5       video sufficient to make out an irreparable harm case  
6       and whether the evidence that you seek to present, if  
7       it isn't the video itself, is admissible. That's why I  
8       don't really want to make a preliminary ruling in this  
9       area, because it's hard for me to anticipate every  
10      scenario under which the information might come in,  
11      either from your clients or your witnesses or from  
12      Ms. Dones and Ms. Woolhouse. Ms. Dones was actually  
13      there. I mean, she at least can testify about what was  
14      said at the videotape, and Ms. Woolhouse.

15             MR. CROCKETT: Right.

16             THE COURT: I'm not quite sure how your  
17      witness is going to be able to get in information about  
18      the videotape.

19             MR. CROCKETT: I understand. I have multiple  
20      ways to get it in. But the problem we face, Your  
21      Honor, is this is a trade secrets case. We're under  
22      strict -- we're under the requirement to keep that  
23      secret. We just can't lodge that into the public  
24      record and have it displayed to the press and to the  
25      public.

1                   THE COURT: Well, there are ways to protect  
2                   its discovery in a trial, if it is in fact trade  
3                   secrets. It's a two-prong test for me. Is it a trade  
4                   secret, as you represented, and would its revaluation  
5                   cause any irreparable harm. I have to reach both  
6                   issues, and I'm troubled by how I'm going to do that  
7                   without seeing the videotape. I assume you've thought  
8                   this through more than I have.

9                   MR. CROCKETT: I'll do my best on that, Your  
10                  Honor. I'm ready to go multiple different ways if the  
11                  Court won't let my witness testify as to why it's  
12                  confidential.

13                 THE COURT: Well, I don't see -- I don't know  
14                  how you get to why it's confidential without going into  
15                  what is confidential.

16                 MR. CROCKETT: Again, I just don't think --

17                 THE COURT: The immediate question -- and we  
18                  don't have to decide this right now -- is whether or  
19                  not you're going to be granted a motion in limine. And  
20                  I'm not granting the motion in limine on that issue at  
21                  this point.

22                 MR. CROCKETT: All right. Thank you, Your  
23                  Honor.

24                 THE COURT: The last thing is -- and I'm not  
25                  quite sure, maybe I should ask you, Mr. Crockett --

1        what you characterize as a defense of illegality sounds  
2        in some sort of whistle blower argument -- and I'm not  
3        quite sure what you think the evidence -- what form the  
4        evidence will take on this issue and what evidence you  
5        think that I'm going to be excluding when I --

6                    MR. CROCKETT:    Well, Your Honor, Ms. Dones  
7        claims to be a whistle blower.    And she's claiming that  
8        she needs -- that one of the reasons she needs to  
9        override her confidentiality restrictions is so that  
10       she can whistle blow to the world and the public  
11       NXIVM's trade secrets.    But our brief points out that  
12       she's not a whistle blower; that this is not a  
13       government entity; that her whistle blowing defense is  
14       irrelevant; that there's no reason for her to seek  
15       First Amendment protections when she's a fiduciary who  
16       has a confidential obligation.    And so all her whistle  
17       blowing claims are irrelevant.    That's basically it.

18                   THE COURT:    I understand the legal argument.  
19       What I'm trying to figure out is what evidence you  
20       think she's going to offer that would come within this  
21       exclusion.    I understand that the defense may not work  
22       in this case.    But what I'm excluding is in terms of  
23       whether it may be relevant on the 727 action or your  
24       permanent injunction action.    That's the part that's  
25       troubling me.

1                   MR. CROCKETT: Her reasons that she'll  
2                   express for breaching a fiduciary obligation, those  
3                   reasons are inadequate under the law. So she's going  
4                   to assert a number of reasons why she feels justified  
5                   in breaching her fiduciary obligations. And our  
6                   position is there is no cognizable defense, so why  
7                   should she be offering those explanations.

8                   THE COURT: Well, I think that's another  
9                   issue that I'm not going to make any preliminary ruling  
10                  on, because Ms. Dones' testimony -- which you can  
11                  object to at an appropriate moment -- may touch on this  
12                  issue, but it may also touch on something that's  
13                  relevant. So it's too hard for me -- it's too nebulous  
14                  a body of potential evidence for me to make a  
15                  preliminary ruling on.

16                  On the motion in limine by Ms. Dones and  
17                  Ms. Woolhouse, which seems to deal primarily with the  
18                  emails that were produced recently that were obtained  
19                  by NXIVM, which are -- there are a host of issues that  
20                  Ms. Dones is going to have to answer to as to why they  
21                  were not produced and explain herself and what's going  
22                  on there. But the question I have preliminary to  
23                  that -- it's two concerns that I have. One, whether  
24                  it's possible that these were actually hacked in --  
25                  emails that were obtained by hacking into an account,



1       which is the argument raised, which it seems to me  
2       would be an appropriate issue to raise by a party,  
3       whether it be NXIVM or Dones and Woolhouse.

4               And the other one is whether these emails --  
5       and I'm talking about Plaintiff's Exhibits 19 through  
6       26 and Plaintiff's 22 through -- 32 through 35 --  
7       whether they were, if fact, just recently obtained by  
8       NXIVM or somehow been in their possession for a longer  
9       period of time. I know what was said in your motion,  
10      Mr. Crockett. But I guess I need an explanation of how  
11      these documents came into the possession of --

12             MR. CROCKETT: Yes, Your Honor.

13             THE COURT: -- your possession and I presume  
14      -- well, let's start with how they came into your  
15      possession.

16             MR. CROCKETT: Yeah. Your Honor, at this  
17      point in time, I'd like to file a mini brief on the law  
18      discussing the facts, if I may approach. And before I  
19      discuss the facts, which I'm going to do very quickly  
20      and very briefly, New York has a very unique right of  
21      privacy law. It's very limited. The legislature has  
22      repeatedly been asked to expand the rights of privacy  
23      to address things like hacking and intrusion into  
24      seclusion, which other states have. And the  
25      legislature has refused to do that. And the New York

1 Civil Rights Law Sections 50 and 51 limit rights of  
2 privacy claims strictly to commercial appropriation.

3 And that's what this brief addresses. And I  
4 read from commentary, the CalJur version -- or the  
5 AmJur version of New York law's New York Juror Second.  
6 And it says, "New York recognizes only one type of  
7 invasional privacy, the appropriation of a person's  
8 name, voice or likeness, which permits a cause of  
9 action for the unauthorized use of a person's name,  
10 picture or voice for the purpose of advertising or  
11 trade. The legislature has rejected proposed bills to  
12 include in law the remaining categories of privacy  
13 protection, unreasonable publicity given to another's  
14 private life, unreasonable intrusion upon seclusion and  
15 publicity, that unreasonably places another in a false  
16 light."

17 So in terms of the remedies available in New  
18 York, there aren't any. But let me address the facts,  
19 because those are more important.

20 Mr. O'Hara was employed by the business that  
21 he sold. He sold the business. It was a consulting  
22 business. He owned the business, and it had electronic  
23 servers on it. He sold that business and remained as  
24 an employee. He continued to use the email servers  
25 that he had been using for years as his personal email

1 servers, but these servers are now in the possession of  
2 his employer.

3 Mr. O'Hara was then fired by his employer  
4 over misconduct involving some allegations of perjury.  
5 Mr. O'Hara then filed all sorts of administrative and  
6 criminal claims against his employer, yet continued to  
7 use his employer's email server. His employer has been  
8 mining that email server to defend himself against  
9 Mr. O'Hara's various charges, and in doing so, has come  
10 across hundreds or more emails involving NXIVM. In the  
11 past 10 days, this employer brought to the attention of  
12 a NXIVM lawyer -- not me, somebody in New York -- the  
13 existence of these emails and started turning them  
14 over. And so we started looking at those emails and  
15 found the ones that Your Honor now has before you in  
16 terms of exhibits.

17 So our position is whatever the employer has  
18 done, it's not our business. It's my duty as a lawyer  
19 to advocate the best that I can from the evidence that  
20 I have. And this is material we've only very recently  
21 received.

22 My second point is using what I would call  
23 criminal standards of Fifth Amendment issues, the buzz  
24 word of jargon there is does Mr. O'Hara have an  
25 expectation of privacy in these emails. Now, that

1 doctrine does not apply in New York civil procedure or  
2 civil law. It doesn't apply in federal civil procedure  
3 law. But employing that jargon here, you've got to ask  
4 why Mr. O'Hara would think that he would have a  
5 reasonable exception of privacy using an email system  
6 that somebody he's in an administrative dispute with  
7 continues to maintain.

8 And some of the emails we've received are as  
9 recently as three or four days old. So he's continuing  
10 to have dialogue with Ms. Dones and others up to three  
11 or four days ago, completely willing to entrust the  
12 server to his former employer. Those are the facts.

13 THE COURT: A couple of things. Then you're  
14 saying all of the exhibits, 19 through 26, 32 through  
15 35, were all acquired through an employer, former  
16 employer of Mr. O'Hara, who provided these emails to  
17 NXIVM or someone on behalf of NXIVM in recent days.

18 MR. CROCKETT: Only to a lawyer and not to  
19 NXIVM, yes.

20 THE COURT: To a lawyer for NXIVM.

21 MR. CROCKETT: Right.

22 THE COURT: I guess the second question is, I  
23 assume this company is in New York?

24 MR. CROCKETT: Yes.

25 THE COURT: Okay. All right. Ms. Dones, let

1 me hear from you on why you think I should exclude this  
2 evidence.

3 MS. DONES: Your Honor, NXIVM's counsel has  
4 provided absolutely no proof that what he just  
5 testified to is actually true. So we don't have the  
6 employer here. We don't have anything. So it's just  
7 him saying that this is the case. We don't know  
8 Mr. O'Hara's relationship with his former business,  
9 whether he was an employee, whether he was a  
10 contractor, whether this was a private email account  
11 that they set up, whether it was a business email  
12 account. We don't know any of that. And so the  
13 legality of possession is still in question.

14 And then there's the whole issue around  
15 authenticating these emails. Unless I can authenticate  
16 them, and because I haven't had a chance, except for  
17 when NXIVM produced them to me in turning them over, I  
18 don't even know if the content has been altered,  
19 changed, any of that kind of stuff. And so I think  
20 that there's a question about authenticity of it.

21 And then the third part comes down to  
22 relevance. Because NXIVM dropped their financial  
23 charges against us, and the claim of civil conspiracy  
24 was thrown out, are these emails really relevant to  
25 this case? Most of the emails that they provided were

1 before NXIVM came into my bankruptcy. Only one of them  
2 was afterwards. And so what they have done is they've  
3 produced -- I mean, when you look at the emails -- when  
4 I print out an email from my server, it has the server  
5 code at the top. There's none of that, except on one,  
6 that's kind of attached but not really attached. And  
7 so we don't even really know if the content was  
8 altered, any of that kind of stuff.

9 And so based on that, I think that these  
10 emails should not be allowed in.

11 THE COURT: Okay. My ruling is that they're  
12 not going to be excluded based on how they were  
13 acquired or how they were disclosed to NXIVM. I'm not  
14 ruling on whether they're relevant, whether they can be  
15 established as authentic, whether they are, in fact,  
16 emails -- when you say authentic, I mean that they were  
17 actually emails that you received from Mr. O'Hara or  
18 sent to Mr. O'Hara or to some other addressee. So I'm  
19 not making any rulings about relevance or authenticity.  
20 But I am not going to strike or exclude them based on  
21 how the documents were acquired by NXIVM, based on the  
22 information I have.

23 The next issue, in reading your trial brief,  
24 Mr. Crockett, you aver to 727(a)(3) and 727(a)(6) and  
25 claims which, in reviewing your amended complaint,

1       those claims are not in that amended complaint.  Why  
2       should I allow you to present evidence on those two  
3       claims?

4               MR. CROCKETT:  Well, our argument is  
5       basically directed to the failure to -- and that goes  
6       to these emails, for instance.

7               THE COURT:  It's the failure to maintain  
8       records claim, 727, I believe that's (a)(3), and the  
9       failure to comply with the court order, (a)(6), right?

10              MR. CROCKETT:  Yes.  And those two  
11       allegations are based plainly on the revelation of  
12       these emails.  We didn't know these emails existed  
13       until 10 days ago.  So we would request leave to make  
14       that presentation and amend our complaint to conform.

15              THE COURT:  That may be -- I haven't decided  
16       yet what I'm going to do, and I want to hear all the  
17       evidence regarding sanctions for not turning over these  
18       emails if, in fact, they turn out to be emails that  
19       were in the possession of Ms. Dones.  But that to me  
20       strikes me as a discovery sanction, not as the basis  
21       for an amendment at this point, which is -- what you're  
22       essentially trying to do is move to amend -- although  
23       you didn't ask me to do that, I gather what you're  
24       arguing is that even though you didn't allege it in  
25       your amended complaint, you'd like to amend your

1 complaint now to include new claims regarding the  
2 failure to maintain records and the failure to comply  
3 with the court order.

4 MR. CROCKETT: That's right. And this is  
5 more than a discovery sanction issue, Your Honor.  
6 Because here we have a case where she has failed to  
7 turn over -- I mean, the whole reason why we're here --  
8 or one of the major reasons why we're here is to make  
9 sure that we ascertain the extent to which we've been  
10 harmed and the third parties that she's communicated  
11 with. And she's purposely not turned over a number of  
12 emails which would yield all that information.

13 So this is the crux of the litigation. So  
14 this is more than just a discovery issue. This is a  
15 failure to maintain business records.

16 THE COURT: Well, it's more than a discovery  
17 issue in the sense that it may go to her credibility  
18 and the basis for defense to your claims. But whether  
19 that forms a basis for an amendment to your complaint,  
20 which is what I think you're trying to do, albeit -- I  
21 gather that's what you're telling me now you want to  
22 do, even though it's only in the trial brief.

23 I'm not inclined to grant the motion to amend  
24 the complaint based on 727(a)(3) and (a)(6).

25 MR. CROCKETT: Very well.



1                   THE COURT: Which is not in any way intended  
2                   to prohibit you from presenting evidence on this issue  
3                   as it may relate to the -- to Ms. Dones credibility and  
4                   with respect to potential sanctions again her for not  
5                   revealing the emails if, in fact, that's what turns out  
6                   to be the fact of the matter.

7                   I believe that's all the issues I have on my  
8                   list of pretrial issues. Are there any issues that the  
9                   parties have before we commence trial?

10                  MS. DONES: Your Honor, one of the things  
11                  that I put in my motion is in regards to Mr. Raniere's  
12                  not a part of NXIVM. And so a lot of this has been  
13                  about lost students and finances, which has all been  
14                  dropped. But also a lot of there is in relationship to  
15                  Mr. Raniere. And I had tried to, unsuccessfully,  
16                  ascertain that information through my discovery, and it  
17                  wasn't until -- which, you know, I believe based on my  
18                  limitations, I didn't know how to effectively approach  
19                  the Court in regards to that. But when I tried to  
20                  ascertain in discovery, it was denied.

21                  But when Pam Nichols, NXIVM's legal counsel  
22                  in New York, was deposing Ms. Foley, there was a judge  
23                  that sat in on that deposition. And Pam Nichols told  
24                  the judge that Keith Raniere is not an official part of  
25                  NXIVM. And so my question is is that if he's not an

1       official part of NXIVM -- I mean, he's testified that  
2       before that he's a paid volunteer -- why does NXIVM  
3       have a right to bring him into this court as if he's a  
4       part of NXIVM. And so I wanted the trial to be limited  
5       based on the fact that Mr. Ranieri didn't come into my  
6       bankruptcy. NXIVM came in. And Mr. Ranieri -- we can  
7       ask that through testimony.

8               My understanding is Mr. Ranieri has no  
9       official capacity. He's the conceptual founder, but  
10      has no capacity.

11             THE COURT: Well, you're certainly within  
12      your rights to ask, and it may be relevant on the issue  
13      of whether or not there's irreparable harm here  
14      regarding -- to NXIVM by reason of the fact of the  
15      videotape of Mr. Ranieri, and argue that somehow if  
16      he's not part of NXIVM, why does it matter. That is  
17      not a matter of excluding evidence so much as a matter  
18      of presenting evidence and argument during the case.

19             So I'm treating that as a motion to somehow  
20      exclude information about Mr. Ranieri or testimony  
21      regarding the videotape. I'm not clear, but I'm not  
22      going to grant whatever request you're making. Because  
23      I don't think it's -- I think it more has to do with  
24      evidence and argument and not about some pretrial  
25      exclusion of evidence.

1 MS. DONES: Then the other thing, when NXIVM  
2 came in, they claimed global damage. And then they  
3 decided to drop that and just bring it into the Pacific  
4 Northwest. And then when pressed for discovery on  
5 that, they just decided to bring it down to Seattle and  
6 Tacoma. And so I'm not real clear what we're trying  
7 here. Are we trying global irreparable damages? Are  
8 we talking about the Seattle/Tacoma area? What are we  
9 to focus on?

10 THE COURT: I want to take a crack at  
11 describing what I understand is left in the case, as I  
12 understand it. And maybe Mr. Crockett can correct me  
13 if I've missed some part of it.

14 But what is left in this case is an effort to  
15 -- is a claim for a permanent injunction to enjoin you  
16 from disclosing the training, curriculum, student  
17 materials, et cetera, and also from disclosing the  
18 videotape that was taken with the nine, I believe,  
19 people who were -- I'll let you pick the term, but were  
20 at the meeting --

21 MS. DONES: April 2009 meeting.

22 THE COURT: Yes -- meeting between  
23 Mr. Raniere and the nine individuals. And there's a  
24 727(a)(2) and (a)(4) claim against you seeking to deny  
25 your discharge based on a improper proposal and an

1 effort to hinder or -- the various verbs that are used  
2 in 727(a)(2), which would deny your discharge entirely,  
3 and there also is an effort to obtain attorney's fees  
4 for, I believe, the action to obtain a permanent  
5 injunction based on the attorney's fee provision in the  
6 confidentiality agreement between you and Ms. Woolhouse  
7 and NXIVM.

8 Have I missed anything, Mr. Crockett?

9 MR. CROCKETT: We have an additional brief on  
10 the attorney's fees issue. There's additional grounds  
11 for attorney's fees -- [unintelligible] to be able to  
12 recover stolen property. New York has a particular  
13 rule that permits the recovery of attorney's fees if  
14 there's evidence that the parties back it with -- and  
15 the term is interesting -- but it's called  
16 disinterested malevolence and have intentionally sought  
17 to inflict economic injury on another party by forcing  
18 him or her to engage legal counsel. That's the last  
19 page of that brief.

20 THE COURT: With that amendment, to what I'd  
21 characterize as what's left in the case, is it fairly  
22 accurate?

23 MR. CROCKETT: That's right, Your Honor.

24 THE COURT: Okay. So do you have that  
25 Ms. Dones? So you've got the permanent injunction, the

1 denial of your discharge and the attorney's fees.

2 MS. DONES: Yes, Your Honor.

3 THE COURT: Okay.

4 MS. DONES: Just one question, I don't

5 understand. If you have jurisdiction in this case, why

6 are we going back to New York law? I mean, I don't

7 really understand that. And these are presented this

8 morning. So it gives us absolutely no time to even

9 consider --

10 THE COURT: Well, I'm not ruling on whether

11 or not you're entitled to attorney's fees today. And

12 you'll get a chance to argue it. And you ask one of

13 the more arcane areas of law, which is conflict of

14 laws, in which whose jurisdictions of law applies, even

15 if the case is tried in another jurisdiction. And I'm

16 not making any rulings in that regard either. But it

17 certainly can be true that another jurisdiction's law

18 can apply, particularly when the agreement was drafted

19 in that state or the contacts are with that state.

20 As I say, it's an arcane area of the law, and

21 we'll do our best to try to sort it out. And I realize

22 you're at a disadvantage in this regard. The other

23 side is entirely within their rights to assert another

24 jurisdiction law, laws as being applicable to a

25 particular set of facts.

1                   Okay. With that, Mr. Crockett, do you or  
2                   Ms. Dones want to make an opening statement? Or  
3                   Ms. Woolhouse, want to make an opening statement?

4                   MR. CROCKETT: I have a very brief opening  
5                   statement.

6                   THE COURT: Okay.

7                   MR. CROCKETT: Your Honor, my opening  
8                   statement is kind of unusual. It just goes to the  
9                   wording of the confidentiality agreement. It's the way  
10                  I'd like to frame some of my questions. The  
11                  confidentiality agreement that Ms. Dones signed, she  
12                  admitted that she signed it in the preliminary  
13                  injunction hearing. She's going to deny it today.  
14                  That's Exhibit 1 to our binder. And it's rather  
15                  unusually worded.

16                 But it's my position that the confidentiality  
17                 agreement applies very broadly, including to the video.  
18                 And here is how I get there. We've been through this  
19                 at the preliminary injunction hearing, and Your Honor  
20                 looked at this and limited the injunction to course  
21                 materials and three-day video. But I would submit that  
22                 the injunction should be broader than that for the  
23                 reasons I'm about to explain. And the reason I want to  
24                 bring it up now is that when you see some of the  
25                 questions I'm asking, you'll see why I'm going that

1 way.

2 The confidentiality agreement provides, in  
3 paragraph 3, that, "In consideration for disclosure of  
4 proprietary and confidential information to recipient,  
5 recipient agrees to protect such proprietary and  
6 confidential information against disclosure." So the  
7 "proprietary and confidential information" is defined  
8 in the definition. "Proprietary and confidential  
9 includes all proprietary and confidential information  
10 generally associated with training and communicated to  
11 recipient during the course of an instruction.

12 "Training" isn't defined. "Instruction" is  
13 on the next page. "Instruction includes communication  
14 of information related to training to recipient by  
15 disclosure, said communication occurring orally, in  
16 written form, graphically, pictorially, visually, by  
17 sound," et cetera.

18 And "trade secret" is also defined. And that  
19 includes, "Any information or materials that are  
20 valuable to contractor and not generally under a  
21 contractor's competitors. Trade secrets are essential  
22 assets of contractor acquired at great time and  
23 expense."

24 So based upon that rather unusual wording,  
25 it's my position, Your Honor, that when this clause is

1        talking about instruction and trade secret, it's  
2        talking about things that are relating to training. In  
3        other words, NXIVM's curriculum, it's financial data  
4        relating to the curriculum, anything having to do with  
5        how it does business, which is called training.  
6        Training's not defined again. It's broader than just  
7        what's communicated in a lesson to a student. It's  
8        material that's handed over to a proctor or coach or  
9        some other kind of major leader in the organization  
10       relating to NXIVM's curriculum and materials.

11                For instance, one of the things we'll show or  
12       attempt to show by the evidence is that seven days  
13       after this court issued an injunction against  
14       Ms. Dones, she turned over very highly confidential  
15       financial information relating to NXIVM to Mr. O'Hara  
16       and Ms. Bouchey that was then communicated to the press  
17       and to other parties.

18                It's our position that that highly  
19       confidential financial information about the way NXIVM  
20       trains its students or its clients and the way it  
21       incentivizes its coaches and proctors is the kind of  
22       material that's extremely damaging to get in to third  
23       parties. And Ms. Dones intentionally turned that over,  
24       just seven days after this Court's injunction.

25                And the reason why I highlight that



1 particular piece of evidence is that it fell without  
2 the scope of Your Honor's injunction, because Your  
3 Honor limited the injunction to course materials. But  
4 it's my position that the final injunction that we  
5 should be seeking should be broader than just course  
6 materials on three-day video, but should include client  
7 lists and financial data and financial information,  
8 which in my view, is a trade secret relating to  
9 material and instruction communicated regarding  
10 training.

11 Thank you, Your Honor.

12 THE COURT: Ms. Dones and Ms. Woolhouse, do  
13 you wish to make an opening statement?

14 MS. DONES: Yes, Your Honor. I'd like to  
15 talk about how NXIVM makes a lot of claims. They've  
16 made lots and lots of claims against myself and  
17 Ms. Woolhouse. But when it comes to backing up their  
18 claims with factual discovery or facts -- I mean,  
19 Mr. Crockett just talked about how stuff was turned  
20 over to the press and made public in the press. But  
21 NXIVM has provided nothing in regards to an article  
22 that was written that contained that information.

23 In all factuality, this information that  
24 they're talking about that's been -- was actually long  
25 before that date. In regards to that, it was actually

1       made through a declaration that Barbara Bouchey filed  
2       in a case in California where a lot of the information  
3       around what they're talking about in regards to  
4       finances and the sexual content and all that stuff came  
5       from that whole filing that she had made in that place.

6               They continue to talk about a campaign to  
7       injury NXIVM and harm NXIVM, but have provided no  
8       discovery in regards to that. Constantly their case  
9       seems to be based on inference. You know, they're  
10      inferring into what an email meant, what an attachment  
11      to the email actually was.

12             In the mirror on discussion that NXIVM would  
13      allow -- like one of the things that they're going to  
14      show is that before our resignation, I had sent Barbara  
15      Bouchey an email saying, do you think NXIVM would allow  
16      us to repackage the material and use it without all  
17      what we call the culture in regards to that. I  
18      actually asked Keith Raniere that question. He said  
19      no. And so nothing has been done with that. But what  
20      they say is is that they're inferring that that was  
21      indeed our intent and that's actually what we did.

22             And so throughout there whole thing, NXIVM  
23      says that they've been harmed, they've been harmed,  
24      they've been harmed. But when pressed to prove that,  
25      they actually just drop the claims and move on to

1 something else.

2 And a lot of this court case has been not  
3 about in regards to retrieving their materials. A lot  
4 of this court case has been the smoke and mirrors of  
5 damage to lost students and to lost revenue. But once  
6 again, when pressed to do that -- I mean, we spent --  
7 the entire time they've been in my court case, the  
8 majority of attention has been focused on that. And  
9 then -- and like I said, the whole injunction thing  
10 could have been settled within 60 days.

11 THE COURT: Ms. Dones, settlement discussions  
12 are not an appropriate area of discussion.

13 MS. DONES: No, no, I'm not talking about the  
14 settlement that we had. It's my opinion that if they  
15 would have come in with the real claims, that this case  
16 could have been settled a long time ago and would have  
17 limited the actual expense that they've gone to prove  
18 their whole lost student and their lost finances, which  
19 they pulled out at the final minute.

20 And so Ms. Woolhouse and I have no issue at  
21 all in signing a permanent injunction. We've actually  
22 offered that to the Court. Because we believe that a  
23 permanent injunction structured correctly would  
24 actually protect us. We're already under the guise of  
25 a confidentiality agreement, which NXIVM says that

1           we've continued to breach but has provided no proof in  
2           that. And so our hope is that we will be able to prove  
3           that there has been nothing leaked to the press; there  
4           has been nothing done that goes against their  
5           confidentiality agreement.

6                        Their confidentiality agreement does not  
7           protect illegal behavior. And I think that that's  
8           really what this case is about, is a case to discredit  
9           us so that if called to the stand by the New York State  
10          Attorney General, they can prove what a liar I am. And  
11          so that's my opening statement.

12                       THE COURT: All right. Mr. Crockett?

13                       MR. CROCKETT: Should we ask Ms. Woolhouse,  
14          Your Honor, if she wants to --

15                       THE COURT: Oh, I'm sorry. Ms. Woolhouse,  
16          did you want to make an opening statement? I  
17          apologize.

18                       MS. WOOLHOUSE: Well, I don't want to take up  
19          any extra time.

20                       THE COURT: No, you're not. I've become used  
21          to Ms. Dones speaking for the two of you. I appreciate  
22          Mr. Crockett's pointing out your desire to speak.

23                       MS. WOOLHOUSE: Yes. I don't have a lot to  
24          say, Your Honor, except that I believe this is a very  
25          confusing case. And it does get down to trade secrets,

1           which I believe they cannot prove that I have had  
2           anything to do with releasing materials, trade secrets.  
3           They've produced absolutely no discovery, which we've  
4           asked for numerous times in order to defend ourselves.

5                     And so I think it's just -- rest on that.  
6           But they cannot prove all of the allegations that they  
7           have against me in order to even have me have a  
8           permanent injunction. I haven't done anything that  
9           they can prove that that's needed.

10                    Thank you.

11                    THE COURT: All right. Mr. Crockett?

12                    MR. CROCKETT: Thank you, Your Honor. I'd  
13           like to call as my first witness, Clare Bronfman.

14                    (Ms. Clare Bronfman was duly sworn.)

15

16                    DIRECT EXAMINATION

17           BY MR. CROCKETT:

18   Q   Ms. Bronfman, approximately what year did you become  
19       affiliated with NXIVM or its predecessor, ESP?

20   A   I took my first training in 2003.

21   Q   Can you briefly summarize your family and educational  
22       background before that date?

23   A   Yes. I am the daughter of Edgar Bronfman, Sr. from  
24       the Seagram's family up in Canada. I was brought up --  
25       I grew up in England with my mother. And I was a show

1            jumper. I was a professional show jumper when I was 17  
2            years old until 2005.

3    Q       And Seagrams is a liquor distillery on the East Coast?  
4            Or was a liquor distiller on the East Coast?

5    A       Worldwide, yes.

6    Q       And you were a beneficiary of trust funds created by  
7            your grandfather; is that correct?

8    A       That is correct.

9    Q       And do you have a current role with NXIVM?

10   A       Yes, currently I am an executive board member of NXIVM.

11   Q       Can you briefly describe NXIVM's history?

12   A       NXIVM was created -- was co-created by Nancy Salzman  
13            and Keith Raniere in 1998, and since then has evolved  
14            -- was actually, up until about 2002, 2003, was one of  
15            the fastest growing companies in the field, the human  
16            potential field. And then in 2003, there was serious  
17            controversy against NXIVM, and a lawsuit then ensued.  
18            Since then, NXIVM has continued to grow. We've had  
19            clients from 33 different countries. And we've had  
20            centers in four different countries.

21   Q       And what's the human potential movement? What exactly  
22            is that?

23   A       Human potential movement was back in the 60's and 70's.  
24            People, there was a belief that we don't use all of our  
25            potential. People only use about 33 percent of their

1       potential, or less. And it was a question of can we  
2       use more of our potential; can we be successful; can we  
3       do more. And there were many different courses,  
4       different speakers who created different venues in  
5       which to help people achieve more in their lives.

6    Q    Are there firms today in the human potential movement  
7       other than NXIVM?

8    A    Yeah. There's Life Coaching, there's Dale Carnegie,  
9       there's Tony Robbins. Several.

10   Q    What do you think sets NXIVM apart from those other  
11       organizations?

12   A    NXIVM has a unique technology that helps people address  
13       the cause of what causes them to not be successful in  
14       their lives versus the effects. Most companies deal  
15       with the effects and help people and it becomes an  
16       impermanent change, meaning they go off into their  
17       lives and they're better for a short period of time.  
18       However, with the NXIVM technology, we're able to help  
19       people have permanent changes in their life.

20   Q    And what did Keith Raniere and Nancy Salzman have to do  
21       with that technology?

22   A    Keith Raniere is the conceptual founder, meaning it's  
23       his philosophy and his concepts. The methodology was  
24       created by him, and then he and Ms. Salzman co-created  
25       the actual curriculum.

1 Q And does NXIVM have any mystical or religious  
2 affiliation?

3 A No, NXIVM is non-mystical. It's more humanistic,  
4 meaning that before any religion, we're all human.  
5 It's a principal based on humanistic ideals and ideas.

6 Q And NXIVM is located where today? I mean, where is its  
7 headquarters?

8 A The headquarters of NXIVM are in Albany, New York.

9 Q And what are centers?

10 A A center is a location outside of our headquarters  
11 anywhere in the world that facilitates different  
12 curriculum. We have three different types of  
13 curriculum. We have an intensive, which is a condensed  
14 version of our curriculum. People can come and take  
15 curriculum for five days or 16 days or eight days,  
16 depending upon the curriculum. And then we have an  
17 Atlas program, which is more like a gym membership  
18 where people can sign up for a membership and come as  
19 they choose per week, as you would in a gym. Then we  
20 also have a third form, which is an Origins program,  
21 which is more of a monthly membership.

22 So a center is a location anywhere in the  
23 world that facilitates any of those programs.

24 Q And where are today's centers located?

25 A Today we have centers -- we have four centers in



1 Albany, New York, in Monterey, Mexico, in Mexico City,  
2 in Vancouver. We have satellite centers in New York  
3 City, in Guatemala, in Guadalajara, Mexico, in Leon,  
4 Mexico, and in Austin, Texas.

5 Q And did you previously have a center in Tacoma?

6 A Correct, we did previously have a center in Tacoma.

7 Q And what happened with that center?

8 A That center, in 2009, the two heads of the center,  
9 Ms. Dones and Ms. Woolhouse, resigned, and with them  
10 took our clients.

11 MS. DONES: Objection, irrelevant. The loss  
12 of client claim has been dropped.

13 THE COURT: I'm going to deny your objection.

14 Q (By Mr. Crockett) And what kind of things -- I've  
15 heard that there are five branches of study or five  
16 branches in NXIVM. Are there five branches?

17 A Yeah. There's a concept that we've been even -- this  
18 goes into trade secrets, because it's really our  
19 business practice. So there's a -- it's actually from  
20 of mathematical equation where you have what's the  
21 minimal set in terms of how a company can run. And we  
22 believe that that can be broken down into five pillars.

23 Q And how does --

24 THE COURT: I'm sorry, I didn't hear the  
25 word?

1 THE WITNESS: Pillars.

2 Q (By Mr. Crockett) And how does NXIVM -- does NXIVM  
3 call its clients clients or students or customers?  
4 What does NXIVM call its people?

5 A We consider we have clients and we have members.  
6 Members are -- we have our own -- internally, we have  
7 our own what we call stripe path, which is much like in  
8 a dojo how you would have a measurement system as to  
9 where people are at. And our members are people who  
10 are actively participating in our stripe path.

11 Q Strike path, is that --

12 A Stripe path.

13 Q Stripe path?

14 A Correct.

15 Q And then there's -- you mentioned the word dojo. You  
16 mean in terms of martial arts?

17 A That's correct, yes.

18 Q And is NXIVM somehow patterned after a martial arts  
19 program?

20 A It's not patterned after martial arts. However, the  
21 conceptual founder, Mr. Ranieri, was very well versed  
22 in martial arts. And when he looked at all of the  
23 different forms of measurement systems, he chose to use  
24 that type of measurement system. However, we have our  
25 own ways and we have our own criteria.

1 Q And how would -- if I were interested in NXIVM and I  
2 presented myself at one of the centers, how would I be  
3 -- what would I do? Or how would I be processed by  
4 NXIVM to start receiving instruction?

5 A Well, first of all, NXIVM is a referral-based business.  
6 So the likelihood of somebody walking through the door  
7 is extremely low because we don't advertise anywhere.  
8 If you were referred by somebody, the first thing that  
9 we would have you do is sign an application. And then  
10 once you arrive for whichever curriculum you have  
11 signed up for in your application, you would have -- if  
12 it was an Intensive, per se, or whichever form,  
13 actually, the first thing that you would do is fill out  
14 several forms. A confidentiality form, you would also  
15 fill out a goals program. Because our program -- what  
16 we do is we help people determine what is success for  
17 themselves and what they are lacking, and we help them  
18 achieve that success. So one of the important aspects  
19 for us is what do they want to get out of our programs.  
20 What do they consider success and what do they want  
21 help with.

22 So we ask people to fill out forms. And then  
23 the curriculum begins. We go into the classes. You'll  
24 have a head trainer do an introduction. There's a  
25 mission statement that's read. And then the modules

1           ensue.

2   Q   And if the student is -- or the client is -- by the

3       way, is NXIVM a for profit or a not for profit?

4   A   It's a for profit.

5   Q   So if the client is satisfied with his or her

6       instruction, a five-day Intensive, is there follow-up

7       with NXIVM for that client?

8   A   Yes. If they would like to continue and take more

9       curriculum, we have more curriculum. If they would

10      like to become a member of our community, they're

11      welcome to become a member of our community. We

12      actually -- the five-day is a part of our 16-day

13      Intensive. And then we have continued education. We

14      have a whole coaching curriculum and program where

15      people can become coaches. And we have Level 2's,

16      which is a high level curriculum.

17   Q   And does NXIVM assign coaches to help clients?

18   A   Yes. In the Atlas program, you have a coach full-time

19      for the period of time that you've signed up for the

20      program. And for an Intensive, for a period of 30 days

21      after you complete your Intensive, you have a coach.

22   Q   Now, you mention the word module. What's that?

23   A   A module is a two-hour session. We break up our

24      curriculum into two-hour sessions. And it will be

25      something like self-esteem, work value, communication.

1           And the module is that one concept in -- it's a session  
2           with that one concept or two concepts.

3   Q       How are those modules developed?

4   A       The modules are developed on -- it's basically the  
5           philosophy fee of Mr. Raniere. And then between he and  
6           Ms. Salzman, they get together and they discuss the  
7           philosophy. There's also a -- NXIVM's course material  
8           is unique in that it's not just taught deductively,  
9           meaning we don't just have a sheet of paper and we  
10          teach you things. We have an entire inductive process,  
11          which is part of our trade secret in how we teach our  
12          curriculum. So between Ms. Salzman and Mr. Raniere,  
13          they come up with the modules within the format of our  
14          teaching methodologies.

15   Q       And the modules, they're in writing?

16   A       The modules are in writing -- there's several  
17          components to a module, because of the way that we  
18          facilitate our modules. There's a component where  
19          there's notes, facilitator notes. There's a component  
20          where there's student notes. There's a head trainer  
21          who brings forth the curriculum. There's also a video  
22          component to the curriculum. And there's also  
23          break-out groups where the coaches facilitate.

24   Q       So for a typical center like as existed in Tacoma,  
25          what's the volume of materials in terms of modules and

1 videos and facilitator notes that you would expect a  
2 center operator or owner to have?

3 A They would have access to our full 16-day intensive.  
4 They would have access to our coaching curriculum.  
5 They would have access to our Atlas curriculum. They  
6 would have access to our Origins curriculum. They  
7 would have the facilitator notes for all of those.  
8 They would have the student notes for all of those.  
9 They would also have an iPod that has the video  
10 component on it. And they would also have skilled  
11 personnel within their center who are taught in  
12 presenting the teaching methodologies that we use.

13 Q About how many modules are there?

14 A In total -- well, there's hundreds of modules. I don't  
15 know exactly. But there's several hundred.

16 Q Are sessions with Mr. Raniere videotaped?

17 A Yes.

18 Q Can you describe to me why sessions with Mr. Raniere  
19 are videotaped?

20 A Yes. Mr. Raniere holds the title of Vanguard, which is  
21 the conceptual founder of the philosophical movement.  
22 And Mr. Raniere, when he speaks, he speaks to these  
23 philosophical concepts. So oftentimes when he speaks  
24 and he does a forum or he speaks to a group of people,  
25 what comes out of it is either a deepening

1           understanding of the concepts, the philosophical  
2           concepts that are within our curriculum already, or  
3           potentially new concepts that will be later created  
4           into curriculum.

5                       We also like to go back and reference them to  
6           make sure that our curriculum is consistent and is the  
7           most precise that it can be and for historical  
8           purposes.

9    Q       So one thing I heard is that you reference back to  
10           those videos to make sure that the curriculum is  
11           consistent?

12   A       Correct.

13   Q       And is that something you would do or somebody else  
14           would do?

15   A       That's something either Ms. Salzman or some of the head  
16           trainers that are of a high rank in the organization  
17           would do.

18   Q       And Ms. Salzman, what's her current title?

19   A       She's the president of NXIVM.

20   Q       And have you seen the transcript for the so-called  
21           three-day video on this case?

22   A       Yes, I have.

23   Q       Are the contents of that typically the sort of thing  
24           that would be videotaped?

25   A       Absolutely.

1 Q And can you explain why the contents of that would  
2 justify videotaping?

3 A Because the contents of the video contain a lot of  
4 Mr. Ranieri's conceptual ideas --

5 MS. DONES: Objection, the transcripts have  
6 not been authenticated.

7 THE COURT: I would sustain the objection. I  
8 believe we're venturing into hearsay, Mr. Crockett.  
9 And again, she's --

10 MR. CROCKETT: She's not being asked to offer  
11 the truth of the matter asserted. What she's doing is  
12 is she's trying to explain why those contents  
13 constitute trade secrets and why their revelation would  
14 be injurious to NXIVM. There is no other way to do  
15 that other than have a witness say -- a board member  
16 saying, I've reviewed these and this is why this  
17 material can't be revealed.

18 THE COURT: I don't agree that there's no  
19 other way to present this evidence, and I'm sustaining  
20 the objection.

21 MR. CROCKETT: All right.

22 THE COURT: It's just that it calls for  
23 hearsay.

24 Q (By Mr. Crockett) Now, if there was a circumstance in  
25 which Mr. Ranieri was discussing the results of



1           litigation with coaches and proctors, would that be  
2           considered to be a trade secret of NXIVM?

3                   THE COURT: Results of? I'm sorry?

4                   MR. CROCKETT: Results of the litigation with  
5           the proctors and the coaches.

6                   MS. DONES: Objection, asking for a legal  
7           conclusion.

8                   THE COURT: I'm going to overrule the  
9           objection. Can you repeat the question, Mr. Crockett?

10    Q        (By Mr. Crockett) Would a videotaped discussion of  
11           Mr. Raniere discussing the results of litigation with  
12           proctors and coaches constitute a trade secret?

13    A        Absolutely.

14                   MS. DONES: Objection, hearsay.

15                   THE COURT: I'm until going to sustain the  
16           objection on that basis. I do think when Ms. Bronfman  
17           is characterizing as a trade secret, I don't think  
18           there's a legal foundation for her to know that. But  
19           the objection that was made is not the appropriate  
20           objection.

21    Q        (By Mr. Crockett) Would a discussion of Mr. Raniere  
22           referring to litigation be something that NXIVM would  
23           not want revealed to the world?

24                   MS. DONES: Objection, calls for a legal  
25           conclusion.

1                   THE COURT:  Overruled.

2   A   Absolutely.

3   Q   (By Mr. Crockett)  Would a discussion of personnel

4       issues involving conflicts between the president and

5       various coaches and proctors be something that NXIVM

6       wouldn't want revealed to the world?

7   A   That is absolutely correct, as I would imagine any

8       company --

9                   MS. DONES:  -- hearsay that that's on the

10      video.

11                  THE COURT:  I'm going to overrule the

12      objection.

13  A   (Continuing)  As any company would.

14  Q   (By Mr. Crockett)  And why wouldn't you want the world

15      to have that information?

16  A   Because that's private information about your internal

17      workings.  I don't think that -- when you have a for

18      profit company, you have a right to certain privacy.

19  Q   What's an arbitration in NXIVM jargon?

20  A   An arbitration is a concept that Mr. Raniere created.

21      It's a special format that we have for conflict

22      resolution using aspects of our technology and

23      conceptual ways of handling situations.

24  Q   And would a discussion of -- and arbitrations are

25      between -- involves conflict resolution between NXIVM

1 personnel?

2 A Yes. Typically what happens is there's a conflict, and  
3 somebody would be ask somebody to arbitrate.

4 Q And would a public revelation of the results of  
5 arbitrations somehow be something that NXIVM would not  
6 want to have revealed to the world?

7 A Correct. But there's two reasons why. There's the  
8 first reason, that an arbitration, the way that we  
9 handle arbitration is part of our trade secrets. It's  
10 part of our technology. And the second reason why is  
11 that our clients' information we keep confidential, and  
12 we have a sworn duty to do so. So that would be  
13 contrary to our ability to even practice business.

14 Q Would a discussion that Mr. Ranieri might be having  
15 with copies and proctors about challenges to the  
16 control of the company by the Bronfmans be something  
17 that NXIVM would not want revealed to the world?

18 A Absolutely. I think it talks about the financial  
19 backers of the company. And I think that that's  
20 NXIVM's private business. I think it also goes to how  
21 Mr. Ranieri, his conceptual ideas of how he would run a  
22 company.

23 Q Would a discussion of the intimate relations among  
24 board members or other high ranking NXIVM personnel be  
25 something that you wouldn't want revealed to the world?

1 A Absolutely, we would not want that revealed to the  
2 world. Nor would any company.

3 Q And why would NXIVM not want that revealed to the  
4 world?

5 A Because that's privacy. I think everyone's entitled to  
6 their privacy. And I don't think that that has  
7 anything to do or any standing on our business.

8 Q Do you think a negative discussion of intimate  
9 relations among board members would be perceived well  
10 in public by prospective clients?

11 A No, not at all, especially as I believe the allegations  
12 about the subject matters.

13 Q Allegations being unproven claims?

14 A Correct.

15 Q And do you think a discussion of personnel conflicts  
16 between the president and coaches would be something  
17 that would be attractive to prospective clients?

18 A Not at all.

19 Q Do you think that --

20 A Can I make --

21 Q Yes.

22 A I don't think it's attractive to future clients, and I  
23 also don't think it's necessary. It's not -- we  
24 conduct the business. And in any day-to-day conducting  
25 of a business, you -- you know, IBM doesn't expose

1           their president's -- conflicts with their president. I  
2           mean, it's just not part of your day-to-day business.

3   Q       Do you think that a discussion Mr. Raniere might be  
4           having with coaches and proctors about the way he used  
5           his technology to management would be something that  
6           he'd want revealed to the world?

7   A       Not at all because that's part of our trade secrets.  
8           That's part of the way that we handle business. We  
9           have a very unique business model. And that's  
10          Mr. Raniere's intellectual property that we protect.

11   Q       You said, Mr. Raniere's intellectual property that we  
12          protect. Could you explain how that relationship works  
13          with NXIVM?

14   A       Absolutely. Mr. Raniere's intellectual property is  
15          owned by a company called First Principles. First  
16          Principles licenses that intellectual property to  
17          NXIVM, and NXIVM is bound to uphold it and defend it.

18   Q       And so if there are slips in the secrecy with respect  
19          to NXIVM's trade secrets, does NXIVM have an obligation  
20          to protect that?

21   A       Absolutely. That's part of the terms and conditions.

22   Q       Has NXIVM actually brought actions against people for  
23          violation of their confidentiality agreements?

24                       MS. DONES: Objection, irrelevant.

25                       THE COURT: Overruled.

1 A NXIVM has. NXIVM has a current action in New Jersey  
2 against an individual by the name of Rick Ross and  
3 several other are individuals. NXIVM has also brought  
4 a case against Ms. Bouchey, to whom we have a  
5 preliminary injunction against in state court. And the  
6 current action that we have here. We also -- that's  
7 not necessarily for the same thing, but we have an  
8 action against Mr. O'Hara.

9 Q (By Mr. Crockett) So among the -- how many hundreds of  
10 thousands of students -- or I'm sorry, clients has  
11 NXIVM had over the years?

12 A We have had over 10,000 clients.

13 Q So of those 10,000, you've been required to bring  
14 approximately four actions to protect your trade  
15 secrets?

16 A Correct.

17 Q And one other thing -- let me ask you to take a look at  
18 Exhibit 1 in the black binder in front of you.

19 MS. DONES: Your Honor, Exhibit 1 has not  
20 been stipulated as authentic.

21 Q (By Mr. Crockett) Disregarding the handwriting on  
22 there, it contains Susan Dones' name, have you seen  
23 this particular form before?

24 A Yes, I have.

25 Q And is this a typical form that NXIVM requires its

1 clients to sign?

2 A Yes, it is.

3 Q Would all of NXIVM's coaches have signed this document?

4 A There's not a single person who would take any

5 curriculum or even participate in a social function at

6 NXIVM that would not have signed one of these

7 agreements.

8 Q And would a center owner such as Ms. Dones have signed

9 -- not specifically her, but would a center owner like

10 Ms. Dones have signed this agreement?

11 A Absolutely.

12 Q And what would a center owner's job be with respect to

13 getting these agreements signed?

14 A Well, a field trainer and -- anyone who has any high

15 ranking, any authority within NXIVM, would have -- a

16 center owner, a field trainer, a head trainer, one of

17 their jobs would be to make sure that nobody walks

18 through our doors without having signed one of these

19 agreements.

20 Q Look at the last page of this document. Do you

21 recognize Lisa Derkes' signature on that document?

22 MS. DONES: Objection, calls for hearsay.

23 THE COURT: Overruled.

24 A Yes, I do you.

25 Q (By Mr. Crockett) And who's Lisa Derkes?

1 A Lisa Derkes is a proctor in our organization. She also  
2 at this time is the head of the intensive committee.

3 MS. DONES: Objection. I don't know what  
4 grounds she has to verify that that's Lisa Derkes'  
5 signature.

6 THE COURT: She's testified that she  
7 recognizes it to be Ms. Derkes' signature. You can  
8 question what the basis for that knowledge is,  
9 Ms. Dones.

10 Q (By Mr. Crockett) And may I ask you to turn to --

11 THE COURT: She's a proctor, and I didn't  
12 catch the rest.

13 THE WITNESS: She's also head of our  
14 intensive committee.

15 THE COURT: Intensive committee?

16 THE WITNESS: Correct.

17 Q (By Mr. Crockett) What does it mean to be the head of  
18 the intensive committee?

19 A The way that the company is structured, we have, as I  
20 spoke of earlier, five different pillars. And one of  
21 those pillars is education. Each of the areas in our  
22 company that oversees things, there's a head of.  
23 Therefore, there's a head of intensive. So it's the  
24 person who takes care and makes sure that intensive  
25 protocols are upheld in that.



1 Q What kind of things -- let me also ask you to turn to  
2 Exhibit 4, which has been stipulated, Your Honor.  
3 Can you describe what Exhibit 4 is?  
4 A Yes, Exhibit 4 is Intensive Program Application. It is  
5 something that anyone who is entering a intensive must  
6 fill out and sign.  
7 Q And so you would expect that every single client of  
8 NXIVM would have signed this document or one similiar  
9 to it?  
10 A Absolutely.  
11 Q And every coach or proctor would have signed such an  
12 agreement?  
13 A Correct, any time they take an intensive or one of our  
14 programs.  
15 Q What sort of things does NXIVM do to protect its  
16 financial -- or let's deal with this course curricula,  
17 it's modules and -- you've mentioned modules, the  
18 videos, the facilitator notes, and I think you  
19 mentioned one or two other things. What physical  
20 things do you do to protect those materials?  
21 A Well, we have an intensive application that has certain  
22 wording on it. We have our confidentiality agreement.  
23 So we have two formal agreements. Before the beginning  
24 of any class, a mission statement is read, which also  
25 discusses confidentiality. In our very first module in

1 Rules and Rituals, there's a discussion on  
2 confidentiality and it's made known what our  
3 confidentiality policies are.

4 We also -- not everyone has access to our  
5 facilitator notes. And they're also in a room that's  
6 locked, that only proctors have access to. They're  
7 also in a building where nobody who's allowed in the  
8 building or nobody who comes in the building has not  
9 signed a confidentiality agreement unless they're with  
10 Federal Express dropping something off.

11 We also have, currently, curriculum -- the  
12 video portion of the curriculum is on an iPod which is  
13 padlocked and coded. And [unintelligible] that we had  
14 to go on DVD's, which are in a locked room.

15 We also -- we don't allow people to --  
16 there's certain criteria with which we allow people to  
17 have our teaching methodologies. You have to be at a  
18 certain rank in order for us to even teach you how we  
19 teach, what the crux of our curriculum is and how it's  
20 brought about to students, mostly clients.

21 Q And does this system make NXIVM money?

22 A Absolutely. It's a for profit.

23 Q And are these courses costly?

24 A Yes, they range from just over \$2,000 to \$7,000.

25 Q Are there famous people that have affiliated themselves

1 with NXIVM?

2 A Yes. There are many famous people who have affiliated  
3 themselves with NXIVM.

4 Q Can you name a couple that might be willing to have  
5 their names known and affiliated with NXIVM?

6 A Yes, I can. Richard Branson. I'm trying to think who  
7 has allowed us -- my father, Edgar Bronfman, Sr.

8 Q How about the political figures in Mexico?

9 A Yes. We have five members of presidential families who  
10 have gone through. We have -- one son of an  
11 ex-president of Mexico sits on the executive board with  
12 myself.

13 Q So NXIVM has some very wealthy people that have  
14 affiliated themselves with NXIVM?

15 A Yes, indeed.

16 Q And some of them pay hundreds of thousands of dollars  
17 into NXIVM to participate?

18 A Yes, they have.

19 Q And their participation was basically to participate in  
20 these modules and these intensives, correct?

21 A That is correct. There are people who take take our  
22 curriculum and they see the value of it and they  
23 continue going through our curriculum to help  
24 themselves become more successful in whichever areas of  
25 their life that they choose.

1 Q Now, one thing you mentioned in your testimony is that  
2 at the beginning of every session, you stand up -- the  
3 participants stand up and recite something?  
4 A Yes. It's called the mission statement.  
5 Q And what's the mission statement section that deals  
6 with confidentiality?  
7 A I'm testing my memory again.  
8 Q Is there one?  
9 A Yes, there is one.  
10 Q And just summarize what you said in that?  
11 A It basically says that we hold all of our information  
12 in confidence and that that's important to us.  
13 Q Now, you mentioned that Keith Raniere has a title of  
14 Vanguard. Is that a title that he's referred to when  
15 he's involved in NXIVM related activities?  
16 A Yes, that is correct.  
17 Q So if there's a videotape with participants referring  
18 to him as Vanguard, they're referring to him with his  
19 NXIVM title?  
20 A Correct. And any time that he meets with people in  
21 NXIVM that has anything to do with the company, it's  
22 under the title of Vanguard.  
23 Q And does NXIVM have a corporate retreat?  
24 A Yes, NXIVM does have a corporate retreat.  
25 Q And how many -- how often is that?

1 A They have a yearly corporate retreat. We also have  
2 quarterly coaching retreats. We have a yearly  
3 corporate retreat for all of our clients.

4 Q And what's the name of that corporate retreat in the  
5 yearly one?

6 A It's called Vanguard week.

7 Q Named after Keith Raniere?

8 A That is correct.

9 Q And does he attend and speak at those Vanguard weeks?

10 A Yes, he attends. He also participates in forums. And  
11 a forum is an open Q and A session, question and answer  
12 session, where people ask him questions about whatever  
13 they would like and he responds.

14 Q And is he generally considered -- do you generally  
15 consider him to be the -- well, let me try again. At  
16 Vanguard week, is he generally perceived, do you think,  
17 to be the leader of the organization or the  
18 philosophical leader?

19 A Absolutely.

20 Q And --

21 A It's known through our organization that he's the  
22 philosophical founder and leader of our organization.

23 Q Does he -- using the word "arbitration" that you've  
24 previously given me in terms of NXIVM's procedures,  
25 does he arbitrate internal disputes?

1 A At times when it gets to the level where he is the only  
2 person who can, yes, that does happen.

3 Q Has he, on occasion in the past, attended board  
4 meetings?

5 A Yes, he has on occasion attended board meetings.

6 Q Does he have any title other than Vanguard, like CFO,  
7 CEO, vice president, treasurer, president?

8 A No. Our company doesn't necessarily work like that.  
9 He has the title of Vanguard and that's it.

10 Q Does he have a salary?

11 A No, he doesn't.

12 Q Now, I'd like you to look at Exhibit 12, which has been  
13 stipulated. Exhibit 12 is an email from Ms. Dones to  
14 Barbara Bouchev dated January 14th, 2010. Do you see  
15 that?

16 A Yes, I do.

17 Q And none of the attachments are included in this  
18 exhibit, but you see the headings of those attachments.  
19 So the identification of those attachments are  
20 discussed or described. Do you see that?

21 A Yes, I do.

22 Q Are any of the attachments that you see that Ms. Dones  
23 is transferring to Bouchev something that you consider  
24 covered by the confidentiality agreement and/or  
25 something that NXIVM would not want revealed to the

1 world?

2 MS. DONES: Objection, hearsay, the

3 attachments aren't available.

4 MR. CROCKETT: I'm just asking her about the

5 scriptors that are contained in Ms. Dones' email.

6 MS. DONES: Objection, it's hearsay.

7 THE COURT: I agree, Mr. Crockett. I mean,

8 since we don't know what these attachments are, I don't

9 see how you can ask her about whether the attachments

10 would be somehow entitled -- or are treated as

11 confidential.

12 MR. CROCKETT: Well, let me try again, Your

13 Honor.

14 Q (By Mr. Crockett) Let's look at the first page of

15 Exhibit 12. And it's talking about Tacoma -- and the

16 reference in this document from Ms. Dones is Tacoma

17 Center Percentage Earnings. Do you see that?

18 A Yes, I do.

19 Q What would Tacoma Center Percentage Earnings be?

20 MS. DONES: Objection, it calls for a

21 conclusion. The attachments are not available. You're

22 asking her to testify to something that she's just

23 pulling out of thin air.

24 THE COURT: I'll overrule the objection.

25 Perhaps you can lay a foundation about how she would

1           know what --

2                       MR. CROCKETT:  Sure.

3                       THE COURT:  -- what the Tacoma Center

4           Percentage Earnings, what that refers to.

5   Q       (By Mr. Crockett)  Do you know what Center Earnings

6           might be, a report on Center Earnings might be?

7   A       Yes, I do.

8   Q       Do you know what Percentage Center Earnings might be?

9   A       Yes, it's the percentage of monies that are paid out to

10          a center.

11  Q       Is this something that you would not want to have the

12          world to have?

13                      MS. DONES:  Objection, it calls for a legal

14          conclusion.  We haven't established that Ms. Bronfman

15          knows anything about field trainers, about center

16          percentage.  She's not been a center owner.  So you're

17          asking her to testify to something that we don't even

18          know that she has the competency to testify on.

19                      THE COURT:  Overruled.

20                      MR. CROCKETT:  I will lay a little

21          foundation, nonetheless.

22  Q       (By Mr. Crockett)  As an executive board member, are

23          you responsible for receiving and seeing financial

24          reports?

25  A       Yes.  I also oversee the operations of the company.



1           So I --

2                       THE COURT:  The operations of?

3                       THE WITNESS:  Of the company.

4   Q     (By Mr. Crockett)  So you personally oversee the

5           operations of the company?

6   A     Yes, that is correct.

7   Q     Even though there are other board members, you are the

8           board member who personally oversees the operations of

9           the company?

10  A     That is correct.

11  Q     And you see center earnings reports, correct?

12  A     I see all of the earnings reports.

13  Q     And you understand how coaches and proctors are paid

14           and incentivized; is that correct?

15  A     Correct.

16  Q     And so something like a Tacoma Center Percentage

17           Earnings Report is something that you wouldn't want the

18           world to see?

19  A     Absolutely.

20  Q     And the next page of this document, which is a January

21           14th, a 9:11 p.m. email, refers to Sales Reports.  Are

22           sales reports something that you see in connection with

23           your job as the executive board member?

24  A     Yes.  I'm familiar with sales reports, very familiar.

25  Q     And is that something you wouldn't want the world to

1           see?

2    A    Absolutely.

3                   THE COURT:   Where are Sales Reports?   I'm

4           sorry, I lost you.

5                   MR. CROCKETT:   In the description of the

6           attachments.   It's like the fifth line down on the

7           email, under the words, To Barbara Bouchee, and then it

8           says three attachments.

9                   THE COURT:   This is Exhibit 12, right?

10                  MR. CROCKETT:   Exhibit 12.

11                  THE COURT:   And it's from Susan Dones.   It's

12           dated January 14th, 2010.   It says three attachments.

13                  MR. CROCKETT:   Right.   They all say,

14           Something Sales Reports.

15                  THE WITNESS:   Page 2.

16                  THE COURT:   Oh, page 2.

17                  MR. CROCKETT:   Page 2, sorry.   Page 2.

18                  THE COURT:   Thank you.   Okay.   Sales Reports.

19           Got it.

20    Q    (By Mr. Crockett)   All right.   And then turn to the

21           third page.   This is an email, same date, 9:19 p.m.

22           There's it looks like an XLS document.   Do you know

23           what an XLS suffix represents?

24    A    Yes, I do.

25    Q    What is it?

1 A It's an Excel document. It's a spreadsheet document  
2 that is frequently used to put data on.

3 Q Okay. And this particular one refers to something like  
4 Tacoma Family Values. Do you know what that is?

5 A Yes. A family of -- one of our trainings is called  
6 Family Values. So one of our Tacoma Family Values  
7 would be a Family Values that was taught in Tacoma.

8 Q And so would you want information about the results of  
9 the Family Values broadcast to the world?

10 A No, not at all. Nor would I want the clients that were  
11 enrolled in the training to be --

12 MS. DONES: Objection, it assumes that she  
13 knows what's on the document. It also assumes it's  
14 been broadcasted to the world.

15 MR. CROCKETT: You'd note that --

16 THE COURT: Just a second. The question was  
17 whether or not -- she's described what a spreadsheet is  
18 regarding Tacoma Family Values, which she's described  
19 as a training that was done at the Tacoma center. I  
20 guess I don't know quite what is on the spreadsheet  
21 that she's saying she wants to keep confidential. I  
22 don't think that was made clear to me. I understand  
23 it's an Excel spreadsheet. I understand it has to do  
24 with the Family Values training that was done in  
25 Tacoma. But I don't know what was on the spreadsheet,

1           and you haven't introduced the spreadsheet. So I guess  
2           I need more information.

3                   MR. CROCKETT: I'll try.

4   Q       (By Mr. Crockett) Do you have an understanding what  
5           this would likely contain?

6   A       Yes, I do.

7   Q       What?

8   A       At the end of every intensive there is a spreadsheet  
9           that is sent to corporate that has the client names --

10                   MS. DONES: Objection, it's an inference.  
11           She's inferring that that spreadsheet is what she's  
12           testifying to.

13                   THE COURT: I'm overruling the objection.  
14           She's telling us what's typically in a spreadsheet sent  
15           to the corporate from the center. Go ahead.

16   A       (Continuing) So typically it would be a list of the  
17           clients that attended the training and the amount of  
18           money that they were supposed to pay and what was  
19           received and if there was any outstanding balance.

20   Q       (By Mr. Crockett) Now, this person that Ms. Dones is  
21           sending this email to, on January 14th, 2010, was she  
22           affiliated with NXIVM at that time?

23   A       At that time, Ms. Bouchey was and currently is  
24           adversarial towards NXIVM.

25   Q       And is it --

1 MS. DONES: Objection, hearsay.

2 THE COURT: Overruled.

3 MS. DONES: There's no establishment that

4 she's adversarial towards NXIVM.

5 THE COURT: Overruled.

6 Q (By Mr. Crockett) And have you obtained an injunction

7 against Ms. Bouchey?

8 A Yes. NXIVM has.

9 Q And that injunction, does it relate to the

10 dissemination of trade secrets?

11 A Yes, it does.

12 Q And so Ms. Bouchey, as you understand it, resigned from

13 NXIVM prior to January 14th, 2010?

14 A Yes. Ms. Bouchey resigned April of 2009.

15 Q And turn to the next page of this document, which is

16 the same date email, 9:25 p.m. There's another

17 attachment. I'll skip that one and the next one.

18 Let's turn to the page that has got a 9:40 p.m. time

19 stamp on it. And it has a proctor organization and

20 staff PDF file on it. Can you find that?

21 A I'm there.

22 Q What is a proctor organization --

23 THE COURT: Just so we know what we're

24 talking about, is this one --

25 MR. CROCKETT: Time stamp 9:40. It was sent

1           1/14/10, 9:40 p.m.

2                   THE COURT:  And at the top it says Susan's

3           Proctor - Coach Organization - PNW Organization Chart?

4                   THE WITNESS:  Yeah.

5   Q       (By Mr. Crockett)  What would an organizational chart

6           like these described in this email likely be?

7   A       An organizational chart would be all of the

8           individuals, all of the clients that Ms. Dones had

9           referred or --

10                  MS. DONES:  Objection, hearsay.

11                  THE COURT:  This is already stipulated to,

12           wasn't it?

13                  MR. CROCKETT:  Yes, it is.

14                  THE COURT:  Overruled.

15   A       (Continuing)  So it would refer to any of the clients,

16           coaches, proctors that were brought in, per se, by

17           Ms. Dones.

18   Q       (By Mr. Crockett)  Is a list of NXIVM's clients

19           organized by proctor organization something that you

20           would not want the world to know?

21                  MS. DONES:  Objection.  We haven't

22           established that the attachments are what he's asking

23           questions and she's testifying to.

24                  THE COURT:  Overruled.

25   A       Can you ask me the question again?

1 Q (By Mr. Crockett) Would you want the world to know  
2 NXIVM's --

3 MS. DONES: Objection.

4 THE COURT: I've already ruled on it.

5 MS. DONES: He's asking a leading question.

6 "Is this something that NXIVM wouldn't the world to  
7 know." It's a leading question.

8 THE COURT: Which is a new objection and  
9 better objection.

10 And Mr. Crockett, why don't you make another  
11 effort.

12 Q (By Mr. Crockett) Is there something that you might  
13 have concerns about with respect to the public  
14 dissemination of Susan's proctor organization or the  
15 PNW staff?

16 A Absolutely. We keep all of our clients' names  
17 confidential unless they're okay with us not.

18 Q And why do you think that would affect your business,  
19 if that became published on a blog or in a newspaper?

20 A Because I can't imagine that people would feel  
21 comfortable coming to our -- there are several reasons.  
22 We keep our clients' names confidential for various  
23 reasons. Unfortunately, there has been a hate blog  
24 that has been developed. So people who would want to  
25 come to our curriculum and be our clients are fearful

1 of coming, if their name were to be revealed. So  
2 there's potential clients who see that we don't keep  
3 their names and their information confidential. They  
4 would be very unlikely to attend. There's also our --  
5 The way that we do our sales and marketing is  
6 by a referral. So you start exposing the lines and you  
7 lose a whole area.  
8 Q So people, when they come to NXIVM, they don't come to  
9 buy a car. They come to do something with their mind,  
10 correct?  
11 A They come to work on limitations. They come to --  
12 MS. DONES: Objection, leading. Counsel is  
13 leading the witness.  
14 THE COURT: I'm going to allow it, Ms. Dones.  
15 You need to make that objection sooner.  
16 Go ahead.  
17 A (Continuing) People come to improve their lives. They  
18 come to -- you know, there are many people who  
19 recognize that there are things in their life that they  
20 would like to improve. And so they come to us, and we  
21 have the tools to help them improve in those areas.  
22 Q You have concerns that people like that would have  
23 fears about having their names exposed?  
24 A Absolutely.  
25 MS. DONES: Counsel is leading, asking "yes"



1 or "no" questions. I would just like to have the Court  
2 warn Mr. Crockett about asking leading questions.

3 THE COURT: I'm not going to warn. You need  
4 to interpose an objection before the question is  
5 answered. If I think that somehow it gets out of hand,  
6 I'll address Mr. Crockett.

7 Q (By Mr. Crockett) Next page, same date, with a 10:10  
8 p.m. time stamp, do you see the reference to Belfast  
9 Intensive Result Form?

10 A Yes, I do.

11 Q What would that --

12 THE COURT: Okay. I lost it.

13 THE WITNESS: Two pages over.

14 THE COURT: Two pages?

15 THE WITNESS: Yeah.

16 THE COURT: Belfast Intensive Result. Okay.

17 Q (By Mr. Crockett) That's Belfast, Ireland?

18 A Yes, that is correct.

19 Q What would that likely report be?

20 MS. DONES: Objection, hearsay.

21 THE COURT: I am going to sustain the  
22 objection.

23 Q (By Mr. Crockett) What is a Intensive Result Form?

24 A An Intensive Result Form is, it's the printout of all  
25 of the students that attended the intensive, as I said

1           previously, including their finances, how much money  
2           was paid, how much money is outstanding, which is sent  
3           from the head trainer or the person who was responsible  
4           for the intensive to corporate to finish out the  
5           intensive, so to speak.

6    Q     Let's turn to three pages forward and to something  
7           called Education Division Meeting Notes. Do you see  
8           that? That's time stamped 10:22 p.m.

9    A     Yes, I do.

10   Q     Is there an Education Division?

11   A     Yes, there is an Education Division.

12   Q     Does it keep meeting minutes?

13   A     Yes, it does.

14   Q     And what sort of things are contained in those  
15           meetings?

16   A     Those meetings had to do with the way that the  
17           education is disseminated. It would have things about  
18           the education, any changes, any updates. It would talk  
19           about the committees themselves, what was going on in  
20           the committees, anything relating to education.

21                   MS. DONES: We don't have the notes in front  
22           of us, so it's all hearsay.

23                   THE COURT: Overruled.

24   Q     (By Mr. Crockett) Is the dissemination of Education  
25           Division Meeting Notes something that you might not

1           want the world to hear?

2                       MS. DONES:  Objection, leading.

3                       THE COURT:  Overruled.

4    A     (Continuing)  It states in here that it has EM-1 and  
5           EM-2 intensive weekends, and it's set exams and other  
6           interesting tidbits.  All of those things are our trade  
7           secrets.  That's part of our curriculum, part of our  
8           measurement standards.  It's part of the basis of our  
9           technology, in fact.  So absolutely, this is highly  
10          damaging to be exposed to the public.

11   Q     So you mentioned something about those -- Ms. Dones'  
12          notes.  She used the word Cert Exams?

13   A     Correct.

14   Q     I mean, without disclosing the trade secret or the  
15          reason why you want to keep them confidential, what are  
16          the Cert Exams?

17   A     It's an examination where we determine whether people  
18          have passed a certain level that they could be promoted  
19          in our organization.  And the EM-2, EM stands for  
20          exploration of meaning, which is the heart of rational  
21          inquiry, which is the technology that is imparted.

22   Q     Now, we've been discussing these modules.  Have any of  
23          these modules, the contents of these modules, been  
24          published anywhere else?

25                       MS. DONES:  Objection, we've not established

1           that these are modules.

2                       MR. CROCKETT: I'm just talking about the

3           modules, not Exhibit 12. We're not talking about

4           Exhibit 12 anymore.

5                       THE COURT: Overruled.

6   Q       (By Mr. Crockett) The modules that you've been

7           describing, the hundreds of modules that a center owner

8           would typically have, have any parts of those modules

9           ever been published before?

10 A       There have been some, very few. Less than 20, I

11           believe, around about there, have been published in

12           part. Only two have been published in full. And they

13           are with the Patent Office.

14                       THE COURT: Only to be? I didn't hear the

15           last part.

16                       THE WITNESS: Only two have been published in

17           full, in their entirety.

18                       THE COURT: Only two modules have been --

19                       THE WITNESS: Correct.

20                       THE COURT: Okay. Got you.

21 A       (Continuing) However, there's a distinction that I

22           would like to make, also, because there's a difference

23           between just having the module notes versus having the

24           understanding and the training to know how to impart

25           the modules, how to impart the curriculum. So while

1           some of the notes have been published, not in their  
2           entirety.

3   Q       (By Mr. Crockett) And so you understand that an  
4           application was made to the Patent Office to seek to  
5           patent some of these materials?

6   A       Yes, I do.

7   Q       And do you also understand that only a very small  
8           portion of them were submitted to the Patent Office?

9   A       Yes. And within them, only sufficient amount to  
10          explain, but not giving the curriculum away.

11   Q       And do you understand the Patent Office, or at least  
12          the preliminary examination rejected because there  
13          wasn't enough information there?

14   A       Yes. I guess it's the preliminary examination that  
15          looks at it first. They did reject it on the basis  
16          that there wasn't enough -- there wasn't sufficient  
17          information enough there for anyone to be able to  
18          convey the trade secrets.

19   Q       All right. So let's turn to that document. It's a  
20          stipulated exhibit. It's Dones 6B, the very last page.

21                   THE COURT: Is this still part of 12?

22                   MR. CROCKETT: No, it's Dones's white binder.

23                   THE COURT: Oh, okay.

24   A       Oh, I guess it doesn't matter. This doesn't have A and  
25          B. It just says "6".

1 Q (By Mr. Crockett) Okay. So just turn to the very last  
2 page. Do you see the very last page of that document?  
3 A Yes, I do.  
4 Q Is that the rejection that you've been discussing?  
5 A Yes, it is.  
6 THE COURT: Is that the one that reads --  
7 just so I know I'm looking at the same page --  
8 International Preliminary Examination Report, VIII,  
9 Certain Observations?  
10 MR. CROCKETT: Yes.  
11 THE COURT: Okay.  
12 Q (By Mr. Crockett) What is Apropos?  
13 A Apropos is the name of a building in Clifton Park, New  
14 York.  
15 Q And do you understand that that's where the three-day  
16 video was filmed?  
17 A Yes.  
18 Q And what goes on at Apropos?  
19 A Apropos at some point will be a cafe, but currently  
20 it's only used for private NXIVM gatherings.  
21 Q And so it's strictly NXIVM gatherings?  
22 A Currently, yes.  
23 Q And are there videotaped sessions involving Keith  
24 Raniere done there?  
25 A Yes.

1                   MR. CROCKETT: Now at this time, Your Honor,  
2                   I'd like to offer her up with respect to attorney's  
3                   fees. We can do that with motion practice at the end  
4                   of the case, which is usually done in a contract case.  
5                   But when you're dealing with a tort case in which state  
6                   court -- or state permits recovery of attorney's fees  
7                   in the case of stolen material, typically that evidence  
8                   is presented in the case in chief. I'm prepared to do  
9                   either one.

10                  THE COURT: The amount of the fees and the  
11                  reasonableness of the fees as opposed to whether you're  
12                  legally entitled to it? Let's preserve that issue for  
13                  a post trial ruling after I've determined whether or  
14                  not I think you're entitled to your fees, either under  
15                  the contract or under this new theory, which I haven't  
16                  looked at yet.

17                  MR. CROCKETT: Very well, Your Honor. I'll  
18                  do that. All right. I have no further questions of  
19                  this witness. If I could just make sure for a second,  
20                  Your Honor?

21                  THE COURT: Mm-hmm.

22                  THE WITNESS: Can I grab some water? Sorry.  
23                  Thank you very much, Your Honor.

24    Q            (By Mr. Crockett) Is Keith Raniere an agent of NXIVM?

25    A            That's a legal conclusion. I'm not sure that I could

1           have the ability to express whether he is or he isn't.  
2           I will tell you that he is -- holds the title of  
3           Vanguard of our company. But we don't use those terms.  
4           And that's a legal term that I wouldn't be able to  
5           address.

6                       MR. CROCKETT: All right. I have no further  
7           questions.

8                       (A recess was taken.)

9

10                      THE COURT: Ms. Dones or Ms. Woolhouse,  
11           whoever wants it to start first?

12

13                               CROSS-EXAMINATION

14           BY MS. DONES:

15   Q       So Ms. Bronfman, it's true that you entered into NXIVM  
16           in 2003?

17   A       Yes, I believe so.

18   Q       And so in regards to Exhibit 1 in plaintiff's exhibits,  
19           have you ever seen this format of this confidentiality  
20           form before this one?

21   A       What do you mean?

22   Q       This particular format. Is this NXIVM's regular format  
23           that they use for a confidentiality agreement?

24   A       It's been updated over the years, but the general  
25           concept, yes.



1 Q And so can you -- do you have any proof that this is  
2 the confidentiality agreement that NXIVM used in 2000?  
3 A I don't have any proof as I sit here today, other than  
4 you signed it.  
5 Q Well, that's -- and so in regards to that, how do you  
6 know that that's Lisa Derkes' signature?  
7 A Because I worked with Lisa Derkes. Actually, she works  
8 -- I supervise her, and I've seen her signature on many  
9 things.  
10 Q So do you have any proof that that's Lisa Derkes'  
11 signature other than hearsay?  
12 A Other than my personal knowledge of what her signature  
13 looks like, no.  
14 Q And are you a handwriting expert?  
15 A No, I'm not.  
16 Q Okay. And are you sure that that's my signature?  
17 A I actually don't know your signature that well.  
18 Q And are you sure that the content from page 1 to page  
19 -- this says page 6 of 8, just so they're -- well, they  
20 didn't provide the other pages. Are you sure that the  
21 content in between is exactly the confidentiality  
22 agreement that I signed?  
23 A It has your signature on it, and it has another  
24 person's signature on it. So I think that's --  
25 Q So from page 1 to page 6, do you have any proof that

1           that content is the content of any confidentiality  
2           agreement that I allegedly signed?

3    A    I don't know that our intensive head would have signed  
4           it if it wasn't this contract or close to this  
5           contract.

6    Q    But Lisa Derkes isn't here to testify that the content  
7           between the time she signed it and now hasn't been  
8           changed?

9    A    That's true, but her signature is on it at that time.

10   Q    Okay. Her signature is on page 6.

11   A    Yes.

12   Q    I'm asking about the content in between.

13   A    My response is that I do not believe that Lisa Derkes  
14           would have signed this if she hadn't have seen the  
15           entire agreement.

16   Q    Do you have any proof?

17   A    No.

18   Q    Do you have any proof that the content between page 1  
19           and page 6 was the content in the agreement that I  
20           signed?

21   A    Other than this is the standard contract that we use  
22           for all of our clients, no.

23   Q    Well, but you don't know what the standard contract in  
24           2000 was?

25   A    I know the contract currently, and I know that I've

1           seen versions of the contract over the years.

2   Q       So you've seen versions of the contract prior to 2003?

3   A       Yes, I have.

4   Q       And do you have proof of that?

5   A       Other than I've seen it, I'm not sure what proof you're

6           asking for.

7   Q       Well, do you have any proof other than your word?

8   A       No.

9   Q       Okay. You mentioned that your father is Edgar

10           Bronfman, Sr.?

11   A       That's correct.

12   Q       And did your father ever take any NXIVM courses?

13   A       Yes, he has.

14   Q       Did he sign a confidentiality agreement?

15   A       Yes, he did.

16   Q       And in 2003 in a Forbes article, did your father refer

17           to NXIVM as a cult?

18   A       I believe he did.

19   Q       Was he sued because he called NXIVM a cult?

20   A       No, my father was never sued. My father never

21           disseminated any information about NXIVM trade secrets,

22           either.

23   Q       Well, that hasn't been proven that I have yet, either.

24                       THE COURT: Ms. Dones, you need to stop

25           arguing with the witness and ask the witness questions.

1 MS. DONES: Well, she's answering questions  
2 that I didn't ask her.

3 THE COURT: And you can ask the Court to  
4 strike it if you think it was not a question that you  
5 asked. But the one thing you cannot do is engage in  
6 argument with the witness.

7 MS. DONES: Okay. I'd like to ask the Court  
8 to strike Ms. Bronfman's statement about her father not  
9 stealing course material.

10 THE COURT: I'm going to deny your motion.

11 MS. DONES: Okay.

12 Q (By Ms. Dones) You also testified that NXIVM makes  
13 permanent changes. Do you have any proof that NXIVM  
14 makes permanent changes?

15 A We have many members who have given testimony to the  
16 fact that they are very different in their lives.

17 Q But do you have any expert proof that NXIVM makes  
18 permanent changes?

19 A We're actually in the process where we do have a  
20 scientist who is reviewing several things to  
21 demonstrate that there is change.

22 Q But do you have any proof now?

23 A As I sit here today, no. Other than myself, actually.

24 Q And so you stated that NXIVM does not teach anything  
25 that's mystical. Have you ever had a conversation with

1           anybody within NXIVM that relates to anything mystical?

2    A    I believe I have had discussions with people as to what

3           the difference between mysticism and science is, yes.

4    Q    But have you ever heard Nancy Salzman mention anything

5           mystical about past lives, anything like that?

6    A    I think she has in passing at times, yes.

7    Q    Have you ever owned a center?

8    A    No, I have not.

9    Q    And have you ever run a center?

10   A    No, I have not.

11   Q    Okay. And so you have testified that the Tacoma center

12           was closed when we resigned and that we took clients.

13           What is your proof?

14   A    Of which part? I'm sorry.

15   Q    What is your proof that when we resigned we took

16           clients?

17   A    Within several months of your resignation, the majority

18           of the clients that we had in the Tacoma area also

19           resigned. And from what they've said, it was after

20           direct conversations or meetings with you.

21   Q    And do you have those resignation letters? Or is it

22           just hearsay?

23   A    There are a few resignation letters that we handed over

24           to you.

25   Q    Mm-hmm. And did you provide those as proof in regards

1 to the fact that why they resigned was because of what  
2 Ms. Woolhouse and I had said?

3 A They had -- certain members had described that that was  
4 true for them.

5 Q Did you bring that proof? Is that a fact that you can  
6 prove?

7 A It's a fact in their opinion. So it's not -- in their  
8 opinion, they believe that they left because of those  
9 reasons.

10 Q So your testimony is completely hearsay.

11 A It's my understanding of what they've told me.

12 Q Right, but this case is about facts.

13 THE COURT: Again, questions, Ms. Dones. You  
14 can argue this case at the end of the case. Right now  
15 you're trying to elicit testimony from a witness.

16 Q (By Ms. Dones) You had mentioned that you referred to  
17 your clients as either clients or members. Have you  
18 ever referred to them as students?

19 A In the past I believe they did, yes.

20 Q Was that pretty standard, to be referred to as  
21 students?

22 A At one point, yes.

23 Q And why was that changed?

24 A It's not a school. We have a business, not a school.  
25 And I think we just decided that the terminology was

1 more suited to what we did as clients.

2 Q You mentioned, you talked about stripe path. Can you  
3 expand on NXIVM's stripe path a little bit?

4 A Well, stripe path was the way that we measure people's  
5 progress, much like, as I said in the marshal arts  
6 dojo, how you have different levels of progress. Our  
7 stripe path signifies different levels of progress.

8 Q And how do you measure that?

9 A To answer that goes into the trade secrets of the  
10 company.

11 Q Is there any way to talk about it without going into  
12 the trade secret?

13 A There's different criteria that NXIVM has delineated  
14 based on several components that are measured. And  
15 once you pass that criteria, you're promoted to the  
16 next position.

17 Q Okay. Isn't one of those criteria student enrollment?

18 A Yes, it is.

19 Q And is one of those -- so one of those criteria is your  
20 organizational configuration?

21 A It's not so much your organizational configuration, but  
22 yes, it's enrollment and aspects of enrollment.

23 Q And how does NXIVM keep track of that?

24 A NXIVM keeps track of that through their system. We  
25 have an internal system that has intranet that has all

1 of that information on it.

2 Q And so if a coach was moving from one rank to another

3 within the coach ranks, that would be in your system?

4 A Correct.

5 Q So you keep track of your coaches?

6 A Correct.

7 Q And does NXIVM keep track of all of its confidentiality

8 agreements?

9 A Yes, it does.

10 Q Have any confidentiality agreements ever been lost?

11 A I don't believe that our filing system is 100 percent.

12 However, we do the best that we can to track all of our

13 confidentiality agreements.

14 Q So is your testimony that some confidentiality

15 agreements have been lost?

16 A I can't verify that with any certainty.

17 Q Well, you said that you have -- that you're an

18 executive board member and you oversee the operations

19 of the company.

20 A I've been an executive board member for the last two

21 years.

22 Q So you don't have any knowledge about whether

23 confidentiality agreements have been lost?

24 A Before that I don't -- no, I don't.

25 Q Do you know why NXIVM didn't turn over the same



1            confidentiality agreement that Ms. Woolhouse signed at  
2            the same time in December of 2000?

3    A       We could not find it in our files.

4    Q       So it was lost?

5    A       We could not find it in our files.

6    Q       So if you can't find something that you guys say that  
7            you keep such great track of, would -- I mean, do you  
8            just say you couldn't find it? Or is it lost or what?

9    A       But lost isn't my terminology. I would say that we  
10           couldn't find it.

11   Q       So in regards to the -- you said that NXIVM's modules  
12           are now on iPods?

13   A       Mm-hmm, yes.

14   Q       But prior to that they were on DVD's?

15   A       Correct.

16   Q       Do you have any knowledge of whether Ms. Woolhouse and  
17           I were ever assigned iPods?

18   A       I do not know if you or Ms. Woolhouse were assigned  
19           iPods. I know that Wendy Rosen Brooks was assigned an  
20           iPod.

21   Q       Was Charmel Bowden also assigned an iPod?

22   A       I believe she used the iPod of Wendy Rosen Brooks.

23                       THE COURT: Sorry, I didn't hear that?

24   A       Of Wendy Rosen Brooks.

25   Q       (By Ms. Dones) And was Charmel Bowden given coach and

1 student notes?

2 A I don't believe she was given coach notes, but she was  
3 given student notes and facilitator notes.

4 Q So are facilitator notes and coach notes the same?

5 A Well, it depends what curriculum you're talking about.

6 Q In regards to the center owners, do center owners just  
7 have Level 1 training? Or do they have advance  
8 training notes?

9 A It depends on which center. Most centers have coach  
10 curriculum notes, also.

11 Q So they have coach notes, coach curriculum, and what in  
12 regards to Level 1? Coach notes and --

13 A No. They have the facilitator notes and the students  
14 notes for the Level 1 curriculum for the Atlas  
15 curriculum and for the Origins curriculum. But they  
16 also have facilitator notes for the coaching  
17 curriculum.

18 Q Okay. So besides on the Rick Ross website and what is  
19 on the World Intellectual Property Organization, have  
20 any coach notes or student notes made their way into  
21 the public?

22 A To my knowledge, no.

23 Q So they haven't showed up in any article done by the  
24 press?

25 A Other than what's -- yes, there have been -- our

1 curriculum has been posted on the blog, the hate blog.  
2 And there hasn't been any direct modules in the press.  
3 Q Okay. So when you say curriculum has been posted on  
4 what you're determining the hate blog, what curriculum  
5 has showed up there?  
6 A There's been a contract -- a community contract that  
7 has showed up on there. There has been information.  
8 There's been a field trainer guide book that has all of  
9 our field trainer, which is our comments board for --  
10 our field trainers are the head of our commerce, in  
11 essence. The notebook relating to the field trainers  
12 has been on the blog.  
13 Q Did you bring any proof that those things are on the  
14 blog?  
15 A Well, no, but we can certainly access the blog and have  
16 a look.  
17 Q So if those things are on the blog and Ms. Woolhouse  
18 and I are being accused of -- or alleged of posting  
19 those things on the blog, why would NXIVM not provide  
20 that in their exhibits against us?  
21 A That's not part of what NXIVM is personally accusing  
22 you of. There's -- the community contract is not  
23 something that NXIVM is accusing you of, per se.  
24 However, there are --  
25 Q I mean, I don't recall a field trainer manual ever

1           being on the blog. But you're saying it's there. And  
2           so I'm just wondering why that wasn't produced as an  
3           exhibit.

4    A    I actually believe that we did produce a lot of the  
5           blog.

6    Q    It's not in the exhibits, though, for this trial?

7    A    Correct, that we did produce it.

8    Q    And then, also, I've been on the blog and I've seen  
9           student lists on the blog.

10   A    Yes.

11   Q    And do you know how those student lists got to the  
12          blog?

13   A    Somebody who had access to them gave them to the person  
14          who posted the blog or posted them on the blog.

15   Q    Okay. I don't know, just based on my experience in  
16          what is in the exhibits, it looks like that information  
17          came from NXIVM's intranet.

18   A    Correct.

19   Q    Okay.

20   A    Or it came from somebody who had access and printed off  
21          information from NXIVM's intranet.

22   Q    Okay. And so have you done an analysis on when that  
23          student list could have possibly been put on the blog?

24   A    There are several times at which the student list was  
25          put on the blog.

1 Q And have you done an analysis? I mean, Ms. Woolhouse  
2 and I haven't had access to NXIVM's intranet since we  
3 resigned.

4 A I have not done that analysis, no. That's not the only  
5 place that I believe that the client list has appeared.

6 Q Do you have any proof of it appearing anywhere else?

7 A I think there was emails where you referenced it and  
8 sent it.

9 Q Well, I'm sure that will come up. But I don't think  
10 that that email was sent from me.

11 THE COURT: Is there a question, Ms. Dones?

12 Q (By Ms. Dones) So do you have any proof that  
13 Ms. Woolhouse or I have released any of NXIVM's  
14 materials to the public?

15 A Yes, via the emails that are in our binder. I consider  
16 Ms. Bouchey, Mr. Tighe, Ms. Natalie and Mr. O'Hara to  
17 be members of the public.

18 Q Okay. Well, we'll get to that email, if it's accepted.  
19 But other than that, do you have any other proof that  
20 Ms. Woolhouse or myself -- not "and"; we were separate  
21 individuals and separate cases -- so do you have any  
22 proof that I released any materials that have made it  
23 into the public?

24 A I know that materials were being released into the  
25 public. I know that you had them. I don't have the

1 evidence or [unintelligible] later in the case of that.

2 Q Okay. And in regards to the information that --

3 A Actually, can I add to that? I do know for a fact that

4 you released the video excerpt to the press and to the

5 public.

6 Q Okay. Well, we haven't determined whether that's

7 actually NXIVM's property or intellectual property that

8 was released.

9 THE COURT: Again, Ms. Dones.

10 MS. DONES: I'm sorry.

11 Q (By Ms. Dones) So do you have proof that that video is

12 actually NXIVM's material?

13 A Yes. The contents in the video, they have to do with

14 conceptual ideas. It's Vanguard Speaks, our conceptual

15 founder, Vanguard, he speaks to the concepts of

16 arbitration, he speaks to the concepts of feedback, he

17 speaks to the concept of --

18 THE COURT: I'm sorry, are we talking about

19 the video?

20 THE WITNESS: Yes.

21 THE COURT: Okay. I'm going to strike that.

22 I've made clear that I'm not going to allow any

23 testimony from a witness that wasn't there about what

24 was said at the video. So I'm going to strike the

25 portions of the witness's testimony when she's talking

1           about what is discussed at the meeting.

2                       Go ahead.

3    Q    (By Ms. Dones)  So you mentioned in 2003 that there was

4           a controversy that arose.  What was that controversy?

5    A    The controversy was there was an individual who had a

6           conflict in his life where he was part of a community

7           that was a very closed community, Sephardic Jewish

8           community, and he had a child with a woman who was not

9           part of the community and who was outside of the

10          community.  He was living a life where he wasn't able

11          to tell his family about his other family.  And he was

12          having tremendous conflict with that.

13                       He came to our program and as an effect of

14          our program, he made a decision to tell his family

15          about the situation.  And as an effect of that, his

16          family came in and took our curriculum and took our

17          curriculum and made it public.  So we sued the person

18          who took the curriculum and the person who made public

19          the curriculum.

20   Q    Okay.  So are you referring to Rick Ross?

21   A    I'm referring to Rick Ross's -- one of the individuals

22          that we sued, correct, that he published.

23   Q    Are you suing Rick Ross's company or Rick Ross as an

24          individual?

25   A    Rick Ross and The Rick Ross Institute.

1 Q Okay. And what does The Rick Ross Institute do?

2 A The Rick Ross Institute is a foundation. What it says  
3 it does and what I believe it actually does are two  
4 different things. However, it says that it's  
5 educational. It says that it's a blog that, for  
6 educational purposes, exposes certain things. However,  
7 educational needs to be followed up with factual  
8 information and arguments as to why the allegations on  
9 there are factual, which it's not.

10 Q Well, that's just hearsay. Is it actually -- is it not  
11 true that Rick Ross is a cult investigator?

12 A Rick Ross has no credentials with which to be a cult  
13 investigator. However, he does label himself --

14 MS. DONES: Move to strike. That's just  
15 hearsay.

16 THE COURT: I'll overrule the objection.

17 Q (By Ms. Dones) So is Rick Ross a cult deprogrammer?

18 MR. CROCKETT: Objection. This line of  
19 inquiry is irrelevant.

20 MS. DONES: Well, you brought up the  
21 controversy. I'm just asking what the controversy was.

22 MR. CROCKETT: Your Honor, if I may speak?

23 THE COURT: Just a second. Ms. Dones, how  
24 does Rick Ross's blog relate to this case?

25 MS. DONES: Well, I think the controversy



1 relates because I think there's a pattern in regards to  
2 NXIVM's controversies that they get themselves into.  
3 And it all stems around the fact that NXIVM, by a lot  
4 of people, is considered a cult. I mean, Clare  
5 Bronfman has already testified that her father believes  
6 it's a cult.

7 THE COURT: How does it relate to any of the  
8 claims, the effort to obtain an injunction against you  
9 disclosing the materials and the videotape?

10 MS. DONES: Well, I think it just goes to,  
11 you know, they opened the line of questioning. And so,  
12 you know, it goes to the fact that Ms. Bronfman has  
13 testified to this, so I feel like I have a right to  
14 cross-examine her on whatever her testimony was.

15 THE COURT: I'm going to let her follow that  
16 line of questioning. I think she's right. This issue  
17 was raised the plaintiff. And I'm not clear what the  
18 point of it was at the time. And I'm not clear yet  
19 what the point is in this case. But given the fact the  
20 plaintiff raised the issue, I think the defendant's  
21 allowed a certain amount of latitude in terms of asking  
22 about the dispute with Mr. Ross and the individual --  
23 well, whoever revealed the information regarding NXIVM  
24 back in 2003, was it?

25 Go ahead.

1 THE WITNESS: Can I correct something?

2 THE COURT: Sure.

3 THE WITNESS: I never testified that my

4 father believed that NXIVM was a cult. I testified

5 that he said that NXIVM was a cult.

6 THE COURT: Okay.

7 Q (By Ms. Dones) And did he say that to you directly?

8 A Yes. He actually went on to say that it wasn't that he

9 intended that a cult to be used as something bad, as

10 in --

11 MS. DONES: Strike to move, hearsay.

12 THE COURT: I'm going to sustain the

13 objection.

14 THE WITNESS: Does that mean I can --

15 THE COURT: It means you can't. You can't

16 testify about what your father said.

17 THE WITNESS: Okay.

18 Q (By Ms. Dones) Okay. So in regards to Keith Raniere

19 being called Vanguard, and you had stated that that's

20 his title, do people call Mr. Raniere Vanguard outside

21 of NXIVM events?

22 A Some people refer to him as Keith. Some people refer

23 to him as V, shortened for Vanguard. And some people

24 refer to him as Vanguard all the time.

25 Q So it's not uncommon, then, in social settings for

1 people to refer to him as Vanguard?

2 A No, because most people consider him and respectfully  
3 call him Vanguard, as that's how they consider him in  
4 their interaction with him.

5 Q So it's out of respect that they do that in social  
6 settings?

7 A No. It's more out of how they perceive him, how they  
8 -- they don't have any relationship with him outside of  
9 his representation as Vanguard. They refer to him as  
10 Vanguard.

11 Q And have you been on NXIVM's video team?

12 A Yes, I have.

13 Q Is there an actual training that somebody goes through  
14 in order to be on NXIVM's video team?

15 A Not necessarily. Depends if you know how to use a  
16 camera or not. Depends on the camera.

17 Q And so when somebody shows up, they could just say, Hey  
18 Joe, why don't you come film this training?

19 A No. It's somebody who NXIVM asks to do it, somebody  
20 who knows how to do it, who knows how to use a camera.

21 Q And is there any special confidentiality agreement that  
22 somebody on the video team would sign?

23 A Anybody whose on the video team has already signed the  
24 confidentiality agreement. They wouldn't be in the  
25 room if they hadn't.

1 Q That's not answering the question. Is there a special  
2 confidentiality agreement that somebody, a member of  
3 NXIVM's video team, would sign, above and beyond the  
4 student contract?

5 A No.

6 Q When somebody videos a NXIVM event, what takes place  
7 with the content of that video after that? Do they  
8 just get to take it home?

9 A No. The video is considered -- it's considered NXIVM's  
10 property, so NXIVM is the custodian. And if somebody  
11 for some reason takes it, we ask them to give it back.

12 Q Okay. So besides training modules that are on video,  
13 is there any other video that somebody would have  
14 possession of, like in their home or anything like  
15 that?

16 A If they have it when it shouldn't be given to them or  
17 if they have it and they shouldn't have taken it, then  
18 yes.

19 Q So they would have had to have taken the video?

20 A Correct.

21 Q Okay. And do you know if that's the case with Ms. --  
22 or with me, that I just took the video on the April  
23 2009?

24 A From my understanding, you used your machine to video  
25 it and you never handed it to anyone. Unfortunately,

1           it's a little bit of a different circumstance because  
2           the meeting was held confidential. And Mr. Ranieri is  
3           not so familiar with our formal -- the way that we  
4           handle our tapes. It's not part of his day-to-day  
5           business.

6                       MS. DONES: So I'd like to move to strike  
7           this as hearsay.

8    Q       (By Ms. Dones) Do you know if --

9                       THE COURT: I haven't ruled yet.

10                      MS. DONES: Okay.

11                     THE COURT: What was your question? I'm  
12           trying to remember your question.

13                     MS. DONES: I asked her if she had any  
14           knowledge that I just took the video. And she said  
15           that she believed that I had, that Mr. Ranieri didn't  
16           have knowledge of NXIVM's policies.

17                     THE COURT: I'm going to grant your motion to  
18           strike that last sentence.

19    Q       (By Ms. Dones) Do you have any knowledge of whether  
20           NXIVM was provided a copy of that video?

21    A       I believe we were later, but we had to ask for it  
22           through a legal proceeding.

23    Q       And who -- how did they get a copy of that video?

24    A       I think it was provided to us -- you know, I'm not sure  
25           exactly.

1 Q All right. And so you perceive it was through a legal  
2 proceeding?

3 A Correct.

4 Q Okay. So that's just hearsay. You have no real  
5 knowledge or proof of how that video was turned over to  
6 NXIVM?

7 A True.

8 Q Okay. Was Barbara Bouchey ever a member of the  
9 executive board?

10 A Yes, Ms. Bouchey was a member of the executive board.

11 Q And do you know for how many years Ms. Bouchey was a  
12 member of the executive board?

13 A I don't.

14 Q And do you know what title she held on the executive  
15 board?

16 A She was -- well, One, she was a member of the executive  
17 board. Two, she was head of commerce at one point.  
18 She was also head of humanities at one point.

19 Q And is Ms. Bouchey under a confidentiality agreement?

20 A Yes, she is.

21 Q Okay. And so in regards to -- I'm trying to find the  
22 exhibits. Here we're looking at -- we're going back to  
23 the series of emails that Mr. Crockett went over with  
24 you on Exhibit 12, Plaintiff's Exhibit 12.

25 A Yes.

1 Q Before we go into these, I'd like to ask you, in your  
2 role with NXIVM, do you have any knowledge of NXIVM  
3 having agreements with their individual contractors?  
4 A With our independent contractors?  
5 Q Mm-hmm.  
6 A We have oral agreements.  
7 Q Oral agreements. And in regards to that, is there any  
8 proof that an independent contractor's work product is  
9 not their own?  
10 A That's actually in our confidentiality agreement.  
11 Q That a work product belongs to NXIVM?  
12 A Correct. Any improvements belong to NXIVM.  
13 Q Well, how is -- if I'm putting together things in  
14 regard to my center and my center's finances and my  
15 center's -- how is that an improvement?  
16 A You can be a contractor. We can go through it if you'd  
17 like.  
18 Q Well, do you have any -- are you able to legally  
19 testify of how that's an improvement?  
20 A I'm obviously not a lawyer. But I certainly have an  
21 understanding of what our contract means and implies  
22 and says.  
23 Q Okay. But you have no legal authority?  
24 MR. CROCKETT: This is just argument, Your  
25 Honor. Okay.

1 THE COURT: You had an objection?

2 MR. CROCKETT: It is my objection, I'm sorry.

3 THE COURT: Objection sustained.

4 Q (By Ms. Dones) Let's look at the first email in  
5 regards to -- in Exhibit 12, where it says 1/14/10.  
6 And the first attachment says, Tacoma Center Percentage  
7 Earnings.

8 A Correct.

9 Q Have you ever seen that document?

10 A No, I haven't.

11 Q And so you have no proof of what that document actually  
12 is?

13 A I've seen many documents that are similar to their --

14 MS. DONES: Move to strike, non-responsive.

15 THE COURT: I'm going to sustain the -- or  
16 grant the motion to strike. You need to focus on her  
17 questions.

18 Q (By Ms. Dones) So do you have any proof of what is  
19 actually contained in that document?

20 A No, I do not.

21 Q And where it says, Tacoma Center Percentage Earning  
22 12/09, do you have any proof of what was in that  
23 document?

24 A No, I do not.

25 Q Okay. And so in regards to that, if I'm sharing my



1 work product with Ms. Bouchey, how does that harm  
2 NXIVM?

3 A I don't believe that that was your work product. I  
4 believe that that was --

5 MS. DONES: Move to strike, non-responsive.

6 THE COURT: I'm going to grant your motion.  
7 And you need to focus on her question,  
8 Ms. Bronfman.

9 THE WITNESS: I'm not sure how to answer the  
10 question, because I don't agree with --

11 THE COURT: Well, rephrase the question.  
12 Think about it, and if it's not clear, you can ask for  
13 clarifications.

14 Q (By Ms. Dones) If I share my work product with Barbara  
15 Bouchey, how does that harm NXIVM?

16 A The problem I have is that I don't agree with you that  
17 is it was work product.

18 MS. DONES: Objection.

19 THE COURT: I guess -- I'm not clear about  
20 her response either. But I think what she's saying is  
21 she doesn't agree with your premise.

22 THE WITNESS: Correct.

23 THE COURT: Which is that it's your work  
24 product.

25 THE WITNESS: Correct.

1                   THE COURT:  If I might help, why don't you  
2           ask how does revealing this particular document hurt  
3           NXIVM.  Then you won't have to use the loaded term,  
4           "your work product."  
5   Q    (By Ms. Dones)  So how does providing Ms. Bouchev with  
6           any of these documents harm NXIVM?  
7   A    Because NXIVM has an obligation to hold its information  
8           confidential.  So sending information like this to a  
9           person who is adversarial towards NXIVM who has exposed  
10          information about NXIVM --  
11                   MS. DONES:  And that's hearsay.  Ms. Bouchev  
12          is not on trial here.  
13                   THE COURT:  Your objection is overruled.  So  
14          go ahead, Ms. Bronfman.  
15   A    (Continuing)  So giving personal information or  
16          information about the way that we do business to  
17          somebody who has an adverse position against us, who  
18          has been known to submit information like this to our  
19          adversaries and also to the press could potentially  
20          cause tremendous damage.  
21   Q    (By Ms. Dones)  Did Ms. Bouchev provide any of this  
22          information to the press?  
23   A    I'm not sure.  
24   Q    Do you have any proof that she provided it to the  
25          press?

1 A I believe she may have provided it some of it to some  
2 of our adversaries. But I do not have any proof of  
3 that.

4 Q And so did she do that under subpoena?

5 A I'm not sure. I don't believe that there's a subpoena  
6 pending at this point.

7 Q So under this, you believe that Ms. Bouchey gave this  
8 information to an adversary. Which adversary would  
9 that be?

10 A I believe to Rick Ross.

11 Q So in the Rick Ross case she turned over this  
12 information?

13 A I believe she did.

14 Q Okay. And so you believe that but you have no proof?

15 A Correct.

16 Q Okay. And in regards to that, how would that harm  
17 NXIVM? Let's just suppose that that did happen. How  
18 would that harm NXIVM?

19 A Well, again, it's information that could then be  
20 public. This is our business dealings. This is how we  
21 do our business. This is the business of our business  
22 plan, so to speak.

23 Q So your inference into harm is if this event took  
24 place, if this event took place, and if this event took  
25 place, it could possibly harm us.

1 A I'm not sure that that characterizes what I said  
2 accurately. But I do believe that if our business plan  
3 is made public, it does harm us. Those are things we  
4 keep confidential and have every right to keep  
5 confidential.

6 Q So your assumption is this is your business plan?  
7 There's no proof.

8 A You asked me the question that if, indeed, these  
9 documents were turned into the public, would they be  
10 harmful. So I'm just answering your question.

11 Q But we don't even know what these documents are.

12 THE COURT: Try a question, Ms. Dones.

13 Q (By Ms. Dones) Do we know what these documents are?

14 A No. But you asked me to respond to you if they were  
15 what I believed them to be. Otherwise I don't  
16 understand the question.

17 Q Well, it's just hearsay, though. Because we don't --

18 THE COURT: Ms. Dones, a question.

19 Q (By Ms. Dones) Okay. Do you know what any of these  
20 documents are?

21 THE COURT: That's been asked and answered.  
22 She says she doesn't know what they are.

23 Q (By Ms. Dones) And so has NXIVM been harmed by these  
24 documents being shared with Ms. Bouchey?

25 A NXIVM has been -- I can't answer that accurately. I

1 know that NXIVM has been harmed by documents being  
2 shared with Ms. Bouchey. I can't speak to the specific  
3 documents being shared with Ms. Bouchey.

4 Q So you have no proof that this has harmed NXIVM through  
5 Ms. Bouchey sharing these in the Rick Ross case?

6 A I have proof that there's been a lot of harm to NXIVM  
7 through various documents being shared, but not these  
8 specific ones. Because as you stated, I don't know  
9 specifically what they are.

10 Q And do you have any proof that NXIVM has been harmed by  
11 any document that you have proof that myself or  
12 Ms. Woolhouse has turned over to anybody?

13 A Yes, there's been substantial harm, from your turning  
14 over the video excerpt about Mr. Ranieri.

15 Q Okay. But again, we haven't established that that's  
16 NXIVM's property.

17 MS. DONES: So move to strike.

18 THE COURT: I'm going to deny your motion.  
19 And you need to focus on asking questions, Ms. Dones.

20 Q (By Ms. Dones) Okay. So do you have any legal proof  
21 that that -- that the April 2009 videos are actually  
22 NXIVM's property?

23 A I'm not an attorney. So if you're asking me -- well,  
24 let me ask you, can you define legal proof for me?

25 Q Well, do you have any proof? I mean, has a court

1           decided that the videos are NXIVM's property?

2                       MR. CROCKETT: Well, this is -- objection,  
3           irrelevant line of questioning.

4                       THE COURT: I'll sustain the objection.

5                       MS. DONES: Okay.

6                       THE COURT: It's not the line of questioning.  
7           It's the particular question I'm sustaining the  
8           objection to.

9    Q        (By Ms. Dones) So Ms. Bronfman, do you have any proof  
10           that -- I think I just asked that, and it got objected.  
11                       In your line of questioning, Mr. Crockett  
12           said several times that, "if these things were revealed  
13           to the world." Other than the video, do you have any  
14           documentation that Ms. Woolhouse or myself, any proof,  
15           that we've released anything?

16   A        Well, I don't have proof as I sit here today. However,  
17           I do know that there has been a lot that you and  
18           Ms. Woolhouse has disclosed to the public. And to our  
19           clients, that is frankly not true or -- well, not  
20           needed to be revealed.

21   Q        If that was the case, then why am I here today? Like  
22           why hasn't that been turned over in discovery? Why  
23           hasn't that been turned over as evidence?

24   A        I think there has been plenty of evidence. I think  
25           that is why we're here today.

1 Q And so the proof is here today?

2 A I think that's what we're doing here. I think if you

3 -- I mean, that's the process of figuring out what to

4 do in this situation.

5 Q So in the Vanity Fair article -- have you read the

6 Vanity Fair article?

7 A Yes.

8 Q Are you familiar with the Vanity Fair article?

9 A I'm not sure I would say I'm particularly familiar with

10 that. I read it a long time ago.

11 Q So in the Vanity Fair article, what NXIVM trade secrets

12 or training materials was revealed in that article?

13 A It would be helpful if I could have it in front of me.

14 But I'm sorry, I'm not that familiar with it.

15 Q Well, Ms. Bronfman, you say that you sat on the board

16 and that you are constantly vigilant about things that

17 happened within NXIVM. Now you're here to testify that

18 you don't know if any trade secrets or training

19 materials was released in the Vanity Fair article?

20 A I believe that there have been, but I cannot sit here

21 and testify to something that's not in front of me.

22 And I would --

23 Q Was the Vanity Fair article all about NXIVM?

24 A The Vanity Fair article was about NXIVM and members of

25 NXIVM.

1 Q And so were you -- was the Vanity Fair article about  
2 you?

3 A There was aspects to the Vanity Fair article that were  
4 about me, yes.

5 Q In relationship to NXIVM?

6 A Yes. I believe so.

7 Q Okay. And where do you hypothesize that that  
8 information came from?

9 A I believe than came from a series of different people,  
10 including yourself, Ms. Bouchee, Mr. O'Hara.

11 Q But do you have any proof that any of that information  
12 came from me that was actually published in the  
13 article?

14 A I haven't done an analysis. However, there is an email  
15 that I believe Ms. Bouchee sent to the reporter that  
16 did reference that you had spoken with her.

17 Q And was that turned over in discovery?

18 A I'm not sure. I'm not sure if it was asked for.

19 MS. DONES: So move to strike. There's no  
20 proof, no fact behind that.

21 THE COURT: I'm going to deny your motion.

22 Q (By Ms. Dones) And in regards to the community  
23 contract that showed up on the blog, was that community  
24 contract a global contract within NXIVM? Did all  
25 community members within NXIVM sign that contract?



1 A No.

2 Q And so where was that contract released at?

3 A It is released in Albany.

4 Q In Albany. And so how was that released?

5 A Can you be more specific?

6 Q Yeah. Did people show up to training and they were

7 handed that contract? How did the contract get out to

8 the community?

9 A There was a group meeting.

10 Q A group meeting.

11 A Correct.

12 Q Was I at that meeting?

13 A No.

14 Q So are you -- today are you here to try to prove that I

15 put the community contract on the blog?

16 A No. I've never said that.

17 Q Okay. So is there anything that's on the blog that you

18 believe that I put on the blog?

19 A Yes. There's many comments that have your name on

20 them, actually. And there's a --

21 Q But are those exhibits here?

22 A I don't think that they're exhibits. But we did turn

23 them over. I think we turned over a large portion of

24 the blog that had all that we believe that you

25 commented --

1 Q Yeah, I got that in discovery. But you're not using  
2 them as exhibits?

3 A No.

4 Q Okay. But in regards to any NXIVM materials that are  
5 on the blog -- we're going to check into the field  
6 trainer -- I'm assuming that the field trainer manual  
7 is going to be checked into. But do you have any proof  
8 that myself or Ms. Woolhouse turned any of that stuff  
9 over to the blog guy?

10 A Well, it's not as -- our trade secrets aren't just the  
11 written documents. I am not obviously privvy to what  
12 you have spoken of or have not --

13 MS. DONES: Move to strike, non-responsive.  
14 That's not what I asked.

15 THE COURT: Why don't you repeat your  
16 question.

17 Q (By Ms. Dones) Do you have any proof that myself or  
18 Ms. Woolhouse provided any of the documents that are on  
19 the blog that are NXIVM's training materials?

20 A I have no absolute proof.

21 Q And is there anything on the blog that is a part of  
22 NXIVM's trade secrets?

23 A I believe that there's information on the blog that  
24 does pertain to our trade secrets that is confidential  
25 information, yes.

1 Q So do you have any proof of that, that you've submitted  
2 as exhibits?  
3 A Not as exhibits, but we handed it over to you.  
4 Q Okay.  
5 MS. DONES: I think I'm done with my  
6 questioning.  
7 THE COURT: Okay.  
8 THE WITNESS: Can I have some more water?  
9 Thank you.  
10 MS. DONES: Your Honor, we'd just like to  
11 reserve the right to call Ms. Bronfman back as our  
12 witness.  
13 THE COURT: Okay.  
14  
15 CROSS-EXAMINATION  
16 BY MS. WOOLHOUSE:  
17 Q What's your definition of harm to NXIVM? What's the  
18 data?  
19 A Are you asking for my initial or data? I'm sorry. I'm  
20 not clear.  
21 Q Well, you referred to a number of things as being  
22 harmful to NXIVM. So how would you define what is  
23 that?  
24 A Anything that is destructive towards the business that  
25 could potentially threaten the business or does

1           threaten the business or anything that poses a  
2           financial loss or a clientele loss to the company.

3    Q     Okay.  So how do you determine the harm to NXIVM?

4    A     Well, you determine it by how many clients leave the  
5           company or how many clients don't come to the company  
6           because of their fears.  You know, fear is one of those  
7           [unintelligible].  You inject fear into people, but  
8           fear isn't measurable.  So you know, there's certainly  
9           an element where you have many people who are scared to  
10          even say that they're associated with the company.  
11          There's a lot of people who say that they would come to  
12          the company and take our classes, but they are afraid  
13          to.

14   Q     So it's all hearsay?

15   A     No --

16   Q     How you determine the destruction?

17   A     No, there's several different ways that you can look at  
18          it, looking at the numbers and also -- I mean, in this  
19          court, I suppose it would be hearsay, because they've  
20          told me -- other people have told me or I've  
21          experienced it personally myself.

22   Q     So what percentage of destruction has been done?

23   A     I'm not an expert.

24   Q     Would it be more than 50 percent?

25   A     I'm not entirely sure how to answer your question.  I

1 apologize.

2 Q Do you oversee the whole operations of the company?

3 A Yes, I do.

4 Q So do you have any knowledge of the destructive damage

5 as far as, you know, data?

6 A Yes, we lost an entire center. There was many clients

7 who --

8 MS. DONES: Objection, hearsay.

9 THE COURT: I'm going to overrule your

10 objection.

11 A (Continuing) There are many clients who resigned from

12 the company. There has been a lot of money lost from

13 having to protect --

14 MS. DONES: Objection, hearsay, and those

15 claims were dropped against Ms. Woolhouse and I.

16 THE COURT: I'm going to overrule the

17 objection.

18 A (Continuing) So there's been vast amounts of money

19 that's been spent on attorney's fees to protect our

20 company. There's been vast amounts of money spent to

21 protect the security of members of our company.

22 MS. DONES: Objection, hearsay. There's no

23 proof. We asked for that, and the proof wasn't turned

24 over. So it's all just hearsay.

25 THE COURT: I'm going to overrule your

1 objection.

2 A (Continuing) So, yes, there has been.

3 Q (By Ms. Woolhouse) So when you say you lost a center,  
4 what were the circumstances in losing the center?

5 A Yourself and Ms. Dones, who were the heads of the  
6 center, resigned from the center and participated in  
7 enabling others or suggesting others resign, also.

8 MS. DONES: Objection, hearsay.

9 THE COURT: I'm going to sustain that  
10 objection. You can't testify about what people said --  
11 other people that aren't -- you can testify about what  
12 Ms. Dones or Ms. Woolhouse said. But normally, if you  
13 testify about what other people said, as in the case of  
14 your father, that's hearsay.

15 THE WITNESS: Okay. Can I reanswer in a  
16 different way, then?

17 THE COURT: Go ahead. I've stricken the  
18 portion that was hearsay.

19 A (Continuing) Let me see if I can do better. Over  
20 several years, the Tacoma center existed and there were  
21 certain patterns in the enrollment in the Tacoma  
22 center. After yourself and Ms. Dones resigned, the  
23 numbers dropped almost to zero. So something caused  
24 that. But that's the data that I have is that there  
25 was, for many years, a substantial amount of income and

1 revenue from the business growing from Tacoma. And  
2 then after your resignation, there was no more or very  
3 little. And eventually no more.

4 Q So would the leadership step in at some point in order  
5 to fix that?

6 A The leadership tried.

7 Q So they came in May, on May 16th in order to do that?

8 A No. I wouldn't -- I wasn't there. I wasn't at that  
9 meeting. But I am privy to one particular one of our  
10 proctors who continued to --

11 MR. DONES: Objection, hearsay.

12 THE COURT: I think she's probably right.  
13 I'm going to sustain the objection. If you were going  
14 to tell me what the proctors testified or told you,  
15 then --

16 THE WITNESS: No, my knowledge of what the  
17 proctor did.

18 MS. DONES: Objection, this is --

19 MR. CROCKETT: Your Honor --

20 THE COURT: There has to be a foundation for  
21 what -- and maybe we should -- if we're going to talk  
22 about it -- I realize the difficulty is Ms. Woolhouse  
23 has asked the question, and she's trying to answer it.  
24 But there's a question of whether what she's going to  
25 testify to, if she has a foundation of whether she

1           gleaned the information from observing what the proctor  
2           did or being told by someone.

3                   MR. CROCKETT: I think this question was  
4           irrelevant, because we're not -- we've jettisoned our  
5           demand for past damages. We're only trying to seek an  
6           injunction to prevent a future release of currently  
7           confidential information. So some testimony was  
8           elicited from the witness just to establish some  
9           history. But we haven't put on any case and don't  
10          intend to put on any case about all this.

11                   THE COURT: So Ms. Woolhouse, given what  
12          Mr. Crockett just said, what is the point of this  
13          question in relation to the effort to get a permanent  
14          injunction against you --

15                   MS. WOOLHOUSE: There's a very vague  
16          definition of what harm to NXIVM is. And this has been  
17          our biggest struggle in this case, is what exactly has  
18          been harmed. We're being accused of having this  
19          destructive effect, but we have absolutely no proof and  
20          no data. And I am just trying to figure out where  
21          they're coming from.

22                   THE COURT: I'm going to ask you to proceed  
23          with the question. And the focus has to be on --  
24          you're right. The focus is on whether revealing this  
25          information, whether it be student lists or whatever,



1           and the video, causes irreparable harm or has caused or  
2           will cause irreparable harm to NXIVM. And I think the  
3           point is, whatever -- they're not seeking damages for  
4           something you did in the past, for resigning and  
5           whatever you did. They're asking if you -- they're  
6           saying, if you aren't enjoined from revealing  
7           information in the future, it will cause irreparable  
8           harm to NXIVM.

9                        So with that in mind, you need to focus your  
10           questions on that kind of harm, not the past harm.  
11           Which Mr. Crockett is saying, we're not claiming  
12           damages for anything you did in the past. But we want  
13           to enjoin you from doing anything in the future which  
14           would harm us.

15                      MS. WOOLHOUSE: Okay. I'm not sure, but I'll  
16           try.

17                      THE COURT: Thank you.

18   Q        (By Ms. Woolhouse) So as an executive board member,  
19           were there any steps taken to heal that harm after we  
20           left?

21   A        Yes. One of our proctors tried to teach classes in  
22           Seattle to try and have those students who were still  
23           members participate. And we brought a lawsuit with an  
24           injunction.

25   Q        Okay. So are you referring to Charmel Bowden, who

1           tried to teach classes?

2    A    Yes.

3    Q    Were you aware that she actually has been quoted as

4           saying she never wanted to be a part of the -- she

5           never wanted to develop a Seattle center?

6    A    I'm aware that she never wanted to create a Seattle

7           center, but I am aware that when she saw what had

8           happened, she was dismayed and felt that it was

9           absolutely --

10                   MS. DONES:  Objection, hearsay.

11                   THE COURT:  Sustained.

12                   MS. DONES:  You know, Your Honor, I agree

13           with Mr. --

14                   THE COURT:  Ms. Dones, I've sustained your

15           objection.  Go ahead --

16                   MS. DONES:  Well, I was just going to say

17           that I agree with --

18                   THE COURT:  Ms. Dones, I've sustained your

19           objection.

20                   Go ahead, Ms. Woolhouse.

21    Q    (By Ms. Woolhouse)  So in this loss, how many students

22           actually were lost?

23                   MR. CROCKETT:  Objection, last objection.

24                   MS. DONES:  I object, too.  I think that that

25           line of questioning is irrelevant because those claims

1           have been dropped against us.

2                   MS. WOOLHOUSE:   Okay.

3                   THE COURT:   I'll sustain the objections.

4                   MS. WOOLHOUSE:   Okay.

5   Q        (By Ms. Woolhouse)   So my last question won't be about

6           that.   But I just need to know, how is all of your

7           proof determined for any damages?

8                   MR. CROCKETT:   Well, objection.   We're not

9           asking for damages.

10                  THE COURT:   Well, no, I think she's trying to

11           find out how -- the nature of the harm.   I assume she's

12           talking about the proof of the harm.   She's trying to

13           figure out what the nature of the harm is to see what

14           the irreparable harm is.   So no, I think Ms. Woolhouse

15           is onto something.

16                  Go ahead.

17                  MS. WOOLHOUSE:   Thank you.

18                  THE WITNESS:   I can answer that question.

19                  THE COURT:   Go ahead.

20   A        (Continuing)   The whole point of a business is that you

21           have a product that people can't get anywhere else, or

22           you have a specific niche in that.   So if someone takes

23           our trade secrets and they hand them out to the

24           world --

25                  MS. DONES:   Objection.

1 THE COURT: Overruled.

2 A (Continuing) -- if they hand them out to the world,  
3 the value of our product is diminished and we no longer  
4 have the ability to charge for our product. And also,  
5 it dilutes what our product is. That's one aspect of  
6 it.

7 The other aspect of it is, you know, one of  
8 the easiest ways to destroy a company is to create fear  
9 and uncertainty around that product and around that  
10 company, which is one of the things I believe has been  
11 tried to be done with our company. So when that  
12 happens --

13 MS. DONES: Objection, hearsay.

14 THE COURT: Overruled.

15 A (Continuing) -- it creates a big problem for us in  
16 terms of getting -- having clients, bringing in  
17 clients.

18 Q (By Ms. Woolhouse) I'm still not sure I understand how  
19 this was determined. How is the proof determined as  
20 far as the nature of the harm? Is it -- it's not a  
21 scientific method, is what I'm hearing. It's just a  
22 very big --

23 A Well, there are plenty of studies on humans, if you  
24 could have something for free versus pay for it, what  
25 would you choose. I mean, I don't know --

1                   THE COURT: Ms. Woolhouse, the reason you  
2                   seek injunctive relief sometimes is because it is hard  
3                   to measure what damage will be caused, and because it's  
4                   hard to anticipate the kind of harm. I think,  
5                   actually, Ms. Bronfman has done a pretty good job of  
6                   trying to describe how they perceive the harm working.  
7                   It's not -- they're not seeking damages. And that may  
8                   be because it's very hard to prove damages. That  
9                   doesn't mean there isn't a harm. And I think that's  
10                  their argument, is that we need an injunction because  
11                  we can't measure the harm that may be caused if you  
12                  start revealing trade secrets.

13                  I hope that helps. I think her answer is  
14                  appropriate. If you want to ask another question --  
15        Q        (By Ms. Woolhouse) Okay. So what proof do you have  
16                  that my name has been linked to anything that has been  
17                  released regarding NXIVM's trade secrets and materials?

18        A        Your name wasn't particularly in some of the emails,  
19                  although it was in a lot of the emails.

20                  MS. DONES: Objection, hearsay.

21                  THE COURT: Overruled.

22        Q        (By Ms. Woolhouse) Is it possible just having a name  
23                  associated with an email is not proof of someone  
24                  actually releasing trade secrets or materials?

25        A        Well, if I -- if your name is associated with it, it

1 means you agree with it, whether you -- I mean --

2 MS. DONES: Objection, speculation.

3 THE COURT: Overruled.

4 MS. WOOLHOUSE: I apologize. Excuse me.

5 THE COURT: That's okay. Take your time.

6 Q (By Ms. Woolhouse) So earlier you had said that what

7 made the NXIVM materials unique was the inductive

8 quality and that it was part of your trade secret. Do

9 you have proof of that?

10 A Well, that's one aspect of what makes it unique. I

11 don't know how to answer your question.

12 Q Is induction a patented -- a patentable product?

13 A Our methodologies are patented, yes, they are.

14 Q But induction in general is not?

15 A I'm not sure -- I don't believe induction is, but it's

16 not -- you can't take one element from what we do and

17 -- it's like a recipe. If you take one ingredient, it

18 doesn't bake the cake. You have to have all of the

19 ingredients. So what I'm stating is that there are

20 many ingredients that are involved in what creates our

21 trade secrets. And induction is an element in that.

22 Q Right. And so what proof do you have regarding the

23 trade secrets?

24 MR. CROCKETT: Objection, overbroad.

25 THE COURT: I'm going to sustain the

1 objection, because the question is unclear to me, what  
2 you're asking.

3 MS. WOOLHOUSE: I'm just trying to determine  
4 what makes this inductive part a trade secret.

5 MR. CROCKETT: Could I be heard, objection,  
6 Your Honor?

7 THE COURT: What's the basis for the  
8 objection? Not speaking, I just want to hear the  
9 objection.

10 MR. CROCKETT: It's a legal question, the  
11 definition of trade secret. That's the judge's  
12 province, not the witness's.

13 THE COURT: Whether it is a trade secret,  
14 that's correct. But the underlying basis for it  
15 becoming a trade secret, I think, is something a  
16 witness can testify to. So go ahead.

17 Q (By Ms. Woolhouse) So what makes any part of NXIVM's  
18 materials trade secret, and what is the proof for that?

19 A Well, NXIVM believes it to be trade secret. We protect  
20 it as though it were a trade secret, and we have  
21 patents pending in the Patent Office.

22 Q And what has been the results of the patents?

23 A We don't have final judgment on the patent yet.

24 Q And why is that?

25 A I'm not sure. You'd have to ask the Patent Office.

1 Q So is it possible these aren't trade secrets, then,  
2 that they're being held potentially, but they possibly  
3 could not be trade secrets?

4 MR. CROCKETT: Objection, calls for a legal  
5 conclusion. A patent by definition is not a trade  
6 secret.

7 THE COURT: I'm going to sustain the  
8 objection. I actually think it's because it's not  
9 really a question. I think you need to ask a question.

10 MS. WOOLHOUSE: Okay.

11 THE COURT: I think you're arguing a little  
12 bit with the witness, Ms. Woolhouse.

13 MS. WOOLHOUSE: Okay. Sorry.

14 Q (By Ms. Woolhouse) So earlier you were also talking  
15 about the right to privacy and conducting business.  
16 And you referred to IBM as not sharing private  
17 materials or private matters with the public. If the  
18 president of IBM were to have inappropriate  
19 relationships with all of the executive board, wouldn't  
20 that be a personal -- a conflict of interest for  
21 anybody in the business or related to the business?

22 A I'm not sure I can answer to your question. I'm sorry.

23 Q When you see the leader or the CEO or anyone of a  
24 company having personal relationships that are not  
25 business, with the whole executive board, you don't see



1           that as being inappropriate?

2    A    I don't know that I would deem that as appropriate or

3           inappropriate if it didn't affect the business or the

4           -- or what the product of the business was. I don't

5           think that it's anyone's business.

6    Q    Would you do business knowing the head of a company was

7           sleeping with everybody on the executive board?

8    A    If I thought that the product was a good product?

9    Q    It would not be a conflict of interest at all?

10                   MR. CROCKETT: Objection, Your Honor,

11           irrelevant.

12                   THE COURT: I'm going to overrule the

13           objection. Go ahead.

14    A    (Continuing) Quite frankly, the president's behavior

15           is the president's behavior. If I believe in the

16           product, I believe in the product. I'm not quite sure

17           how else to answer the question.

18    Q    (By Ms. Woolhouse) So if people that had been

19           supporting the company for many years objected or had

20           their own personal conflict of interest based on that,

21           would you not think that that would be an unusual

22           situation?

23    A    You're asking me a theoretical question that there

24           would be many components that I would have to consider.

25           I'm not sure how to answer the question that you're

1 giving me without understanding of the components.

2 Q Well, if you knew that Keith Raniere had been sleeping  
3 with the executive board before you enrolled, would you  
4 have enrolled?

5 MR. CROCKETT: Objection, calls for  
6 speculation, irrelevant.

7 THE COURT: I sustained the objection.

8 Q (By Ms. Woolhouse) Is that not a personal conflict of  
9 interest for you?

10 MR. CROCKETT: Objection, same.

11 THE COURT: No, it's a different question.  
12 Go ahead. You can answer it.

13 Q (By Ms. Woolhouse) Is that not a personal conflict of  
14 interest for you?

15 A Can you -- I'm sorry. I'm not following what you're  
16 asking me specifically.

17 Q Knowing that the leader of NXIVM or so-called founder,  
18 philosophical founder, was sleeping with all of the  
19 executive board is not a personal conflict of interest  
20 for you?

21 A You're asking me to speculate on something that I  
22 know --

23 Q You're on the executive board now?

24 A You're asking me to speculate on something. You're  
25 asking me to take a position on something that I have

1           no knowledge on, nor do I know it's true.

2   Q       So --

3   A       That's why I don't know --

4   Q       So this would be a high standard of business protocol,

5           then, to be able to run a business this way?

6   A       I'm sorry.  You're making assumptions that I don't

7           agree with you, asking me to speculate on certain --

8   Q       Well, you made the comment --

9                       MS. DONES:  Objection, the witness is being

10          argumentative.

11  Q       (By Ms. Woolhouse)  You made the comment about being

12          able to conduct --

13                      THE COURT:  Overruled.  Go ahead.  What's the

14          question, Ms. Woolhouse?

15                      MS. WOOLHOUSE:  I'm trying to determine how a

16          business with very high standards -- high ethical

17          standards, could be okay for you, as a standard of

18          business, to run a business with the leader sleeping

19          with the executive board.

20                      MR. CROCKETT:  Assumes facts not in evidence.

21          Irrelevant.

22                      THE COURT:  Well, I don't think it's

23          irrelevant, but I do think it assumes facts that I

24          don't have in evidence.  I'm going to sustain the

25          objection.  I don't have any evidence he was sleeping

1           with the board. Despite what everybody thinks, I don't  
2           have any information that Mr. Ranieri was sleeping with  
3           the executive board, as far as I know, in evidence.  
4           Maybe that will come in later. And you can call  
5           Ms. Bronfman back if the evidence does come in that he  
6           was sleeping with the entire executive board and maybe  
7           ask this question.

8   Q       (By Ms. Woolhouse) With respect to -- well, never  
9           mind.

10                       There was a reference to when we resigned,  
11           shortly before we had three days of meetings with Keith  
12           Ranieri in the Apropos building you mentioned. At that  
13           time was that a NXIVM building? Were only NXIVM  
14           functions held there?

15   A       Yes.

16   Q       And was the Apropos building license specifically for  
17           only NXIVM functions?

18   A       The license -- it's licensed for any private functions  
19           that we want. And it's also licensed to be an internet  
20           cafe, which we just hadn't pursued yet.

21   Q       But wasn't the building license itself applied for as a  
22           public domain, as a public place for people to come?

23   A       Yes. And until we open it to the public, we're allowed  
24           to do personal and private things with it.

25   Q       So it is a public building currently?

1     A     It can be a public building if the owners of the  
2           building deem it to be so.  We have the ability to use  
3           it in a public way, should we choose to.

4                     MS. WOOLHOUSE:  I have no other questions.

5                     THE COURT:  I think it's appropriate to take  
6           a break.  And the only question is when do we come  
7           back.  Do we want to shoot for 1:30?  All right.  Let's  
8           reconvene at 1:30.

9                     (Lunch break was taken.)

10                    \* \* \* \* \*

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

ROBYN OLESON FIEDLER certifies that:

The foregoing pages represent an accurate and complete transcript of the entire record of the digitally-recorded proceedings before the HONORABLE BRIAN D. LYNCH presiding, in the matter of NXIVM v. DONES and WOOLHOUSE; and

These pages constitute the original or a true copy of the original transcript of the proceedings.

Signed and dated this 15th day of November, 2011.

by |s| Robyn Oleson Fiedler  
ROBYN OLESON FIEDLER,  
Certified Court Reporter.